

ADM
248

APR 19 1938

DUN'S REVIEW



XV of a series of Century old cities. Chicago

Published by
DUN & BRADSTREET, INC.
ESTABLISHED 1841

Thirty five cents

April 1938



THIS MONTH'S COVER

Junction of the North and South branches of the Chicago River, Wolf's Point was the source of all news from the outside world for the 100 villagers who made their home in Chicago in 1833. There Archibald Caldwell had opened Wolf Tavern, under the sign at the left, five years before, and across the bridge Samuel Miller was operating his hotel. On the lake front at this time there was little except Fort Dearborn. . . . This lithograph from the Phelps Stokes collection appears through the courtesy of the New York Public Library. . . . Marquette and Joliet, La Salle, and other explorers first visited Chicago's site in the seventeenth century, but no one settled there until Jean Baptiste Point-au-Sable, of San Domingo, built his cabin about 1779. Fort Dearborn was established in 1803, and for a long time the soldiers and a few traders were the only settlers in northern Illinois. . . . Then with Government improvement of the harbor on Lake Michigan and the beginning of the Illinois and Michigan Canal, the settlement began rapidly to grow. By 1871, when it was almost entirely destroyed by fire, Chicago had become a city of 300,000. From the ruins rose a new and cleaner city of brick and stone. . . . The aerial photograph reproduced above shows the metropolis which Chicago is today. Ranking first among grain markets, railroad junctions, and meat-packing centers, it has a population of more than 3,000,000.

DUN'S REVIEW FOR APRIL 1938

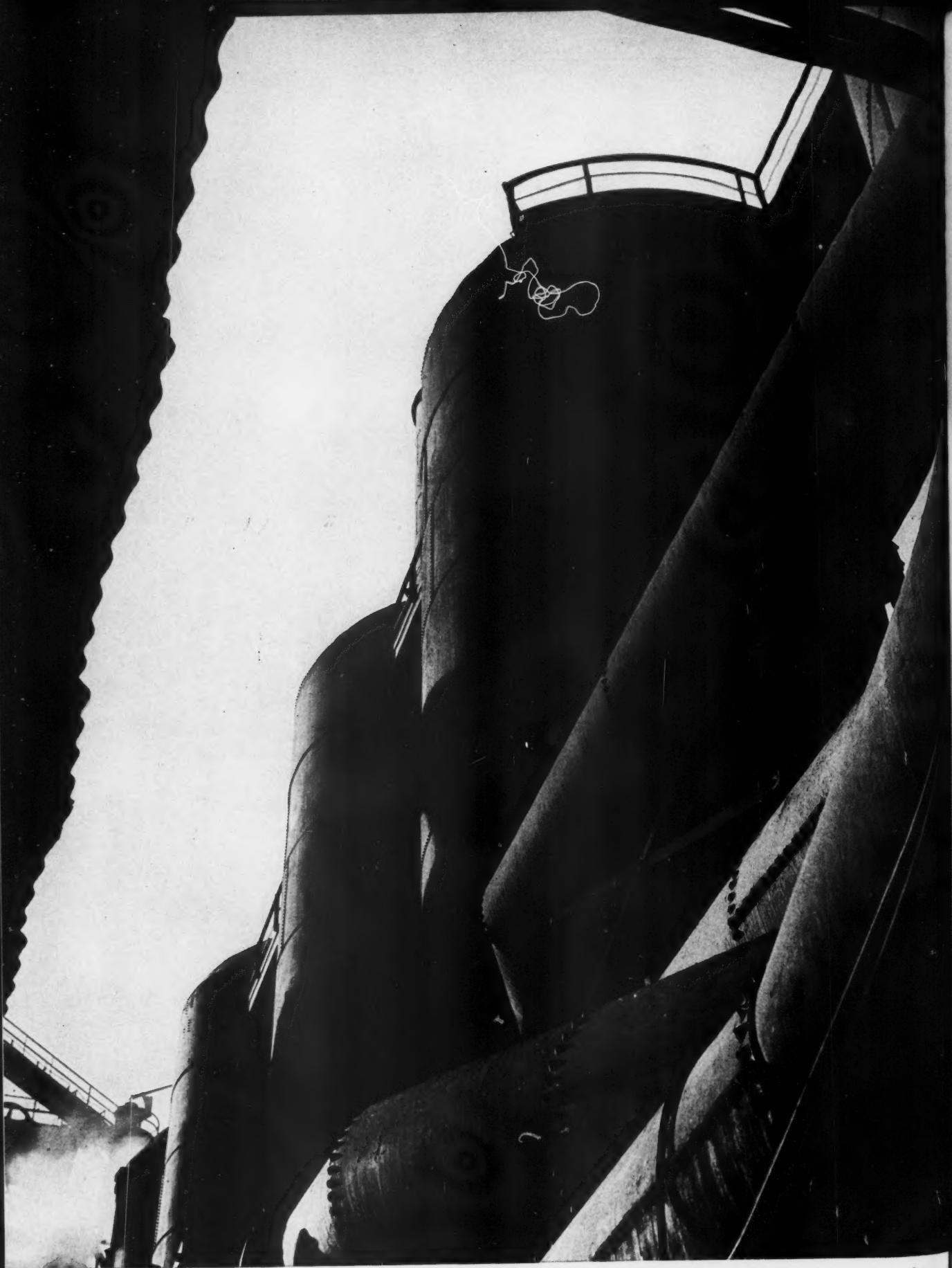


TABLE OF CONTENTS

| | | | |
|---|--------------|--|-----------|
| <i>Chicago</i> - - - - - | <i>Cover</i> | <i>The Trend of Business</i> - - - - - | <i>28</i> |
| <i>XV of a Series of Century-Old Cities</i> | | | |
| <i>Frontispiece</i> - - - - - | 4 | <i>Sharper Drop in Trade Volume</i> - - - - - | <i>30</i> |
| <i>The Field of Management</i> - - - - - | 5 | <i>The Trade Barometers for the United States</i> | |
| <i>by Viscount LEVERHULME</i> | | <i>and for the 29 Regions</i> | |
| <i>Governor of Lever Brothers and Unilever, Ltd., and</i> | | | |
| <i>President of the International Committee of Scien-</i> | | | |
| <i>tific Management</i> | | | |
| <i>Dividend Policies During the Depression</i> - - - - - | 7 | <i>Analyzing the Record of Industrial and</i> | |
| <i>by ROBERT L. TEBEAU</i> | | <i>Commercial Failures</i> - - - - - | <i>36</i> |
| <i>Research and Statistical Division</i> | | <i>Decline less than seasonal</i> | |
| <i>DUN & BRADSTREET, INC.</i> | | | |
| <i>The last of the supplemental reports on</i> | | | |
| <i>the Undistributed Profits Tax Survey</i> | | | |
| <i>Snow White—A New Force in Merchandising</i> - - - - - | 13 | <i>Significant Business Indicators</i> - - - - - | <i>39</i> |
| <i>by GEORGE T. BRISTOL</i> | | | |
| <i>The influence of artists' creations upon</i> | | | |
| <i>the fashion in merchandise</i> | | | |
| <i>The Relationship of Modern Art to Modern Industry</i> 18 | | <i>Through the Statistician's Eyes</i> - - - - - | <i>40</i> |
| <i>by MAXWELL SIMPSON</i> | | <i>Odd and interesting items from the</i> | |
| <i>How to Use the Regional Trade Barometers</i> - - - - - | 23 | <i>month's record</i> | |
| <i>by L. D. H. WELD</i> | | | |
| <i>Director of Research</i> | | | |
| <i>McCann-Erickson, Inc.</i> | | | |
| <i>The Business Diary—February 1938</i> - - - - - | 27 | <i>Here and There in Business</i> - - - - - | <i>42</i> |
| <i>For those who follow the causes of changes in</i> | | <i>What's new as observed by the Agency's</i> | |
| <i>economic and business activity</i> | | <i>reporters</i> | |
| | | <i>The Business Bookshelf</i> - - - - - | <i>46</i> |
| | | <i>Over the Editor's Desk</i> - - - - - | <i>48</i> |
| | | <i>Who the contributors are, next month's articles</i> | |
| | | <i>Guinea Pigs</i> - - - - - | <i>50</i> |
| | | <i>by WILLARD L. THORP</i> | |
| | | <i>Editor, DUN'S REVIEW</i> | |

For those interested in the prints of century-old cities appearing on the covers of DUN'S REVIEW, the publishers have arranged to provide mounted copies suitable for framing. Not all back numbers are available. Orders for copies of prints on current issues should be placed promptly and accompanied by check or money order. For prints set off by an appropriate

French mat $13\frac{1}{2} \times 14\frac{3}{4}$ inches ready for framing the charge is \$1. For prints mounted and framed, with glass, the charge is \$3. If in New York City, add 2 per cent sales tax. . . . Information about subscription rates is on page 49. . . . Second cover photograph by Fairchild Aerial Surveys, Inc. Frontispiece photograph by Torkel Korling.



DUN'S REVIEW FOR APRIL 1938



BLACK STAR

THE FIELD OF MANAGEMENT

VISCOUNT LEVERHULME

*Governor of Lever Brothers and Unilever, Ltd., and
President of the International Committee of Scientific Management*

HERE was a time—not very long ago; indeed it still has its survivors—when a manufacturer troubled himself very little as to what happened to his product after it passed out through his factory door. In many cases, he neither knew nor cared what retailers distributed it to the consumers; whether their stores were efficient and successful or inefficient and on the verge of failure. If business was bad, he grumbled, and waited for it to get better; if it was good, he rejoiced prudently and hoped it would last. The idea that it was a definite part of his job as manager of his own business to know the whys and wherefores of success or failure in these other businesses upon which his own depended—simply did not occur to him.

In very much the same way, while he shrewdly studied the markets from which he drew his raw materials, he really did not feel he needed to know a great deal about them. He always had bought his metals through such or such channels; his fabric from

Here a man recognized internationally as an authority on management subjects suggests that political trends, labor policies, and the broad realms of human conduct should also be considered the rightful concern of management. This is one of a series of articles on questions of unusual importance to business, presenting the opinions of men whose diverse backgrounds have created decided, and often conflicting, convictions.

this firm or that; his chemicals from here, there, or elsewhere. It was for his supplying firms to worry about all that. This limitation of interest extended, too, to the most important of all elements in his business—the men and women who did the actual work. He would have told you, no doubt, that he hired his labor on the same fair, open-market basis on which he purchased his materials and sold his product; and that there the matter ended.

That day, as we all know, is pretty well past. It was already passing when, not so long before the War, we in other parts of the world first began to hear of this new gospel called "Scientific Management" that was coming out of America. (And now that America has taught all the rest of us to use that term, she is now proceeding to teach us to discard the first half of it as tautological, on the reasonable ground that any management that is not scientific is not worthy of the name.)

We have all been learning, continuously for 30 years; and today we are still learning—that you simply cannot safely put any permanent limits to the proper field of management. Not only are our womenfolk—and for this much is due to the leadership of Dr. Lillian Gilbreth—showing us that management is badly needed and can be extraordinarily useful in our own homes; we ourselves are constantly finding that we must study and analyze factors of which formerly we had scarcely heard, because of their vital influence upon every detail of our business.

Perhaps we all have somewhere about us more than a bit of longing for the good old days when life was so much simpler; when a manufacturer had only to worry about manufacturing and could leave it entirely in the hands of his factor or his agent to do the selling; when he could feel that anything in the way of higher wages and improved working conditions was a gift from himself to those in his employ.

There are some, therefore, who may be surprised at what they call the temerity of the Seventh International Management Congress in proposing to include in its program so much frank discussion of such highly controversial topics as political trends, labor policies, and specific failures of management. But I do not see how the Congress can have the temerity to call itself a Management Congress, if it is to omit all the topics with which management today is so deeply concerned.

There is a story told of a visit of the late Mr. Rockefeller to one of the great Standard Oil refineries, long, long ago, before any of us had ever heard of motion study or job evaluation or market research. Mr. Rockefeller stopped to watch the intricate machine that was soldering on the tops of the filled oil cans. Presently it developed that he was counting the drops of solder used by the machine on each can. It used thirty-nine drops; no more, no less. Mr. Rockefeller inquired whether anybody had tested the adjustment of the ma-



WIDE WORLD

LEADER IN INDUSTRY AND MANAGEMENT

After completing his formal education at Eton and Cambridge, the Right Honorable Viscount Leverhulme became associated with the firm which he now heads, Lever Brothers, Ltd., manufacturers of soap, perfumes, and packaged foods. First operated by his father on a modest scale, under the present Viscount Leverhulme's guidance Lever Brothers developed rapidly into an enterprise of considerable international importance.

Recognition of the diversified abilities manifest in his direction of Lever Brothers has brought him many honors and new responsibilities. In 1932 he served as president of the London Chamber of Commerce; from 1932 to 1934, as president of the Institution of Chemical Engineers; and in 1936, as president of the Society of the Chemical Industry.

Of special interest to American business men this year is his office as president of the International Committee of Scientific Management. Sponsoring group of the Seventh International Management Congress, it will bring industrial leaders and management authorities from thirty countries to Washington, D. C., next Autumn, September 19-23.

it is better to spill many drops of solder than to spill the even more precious fluid of employee loyalty and consumer goodwill, through permitting even the most insignificant grievance to go unheeded.

No; nothing is too small for the concern of management. Is anything too great? Can we afford, we who are attempting to speak for management, when we meet in Washington next September, to accept the view of those who would tell us that world conditions today are too great a topic for us? Can we here, with any more safety than in the field of the smallest things, fall back on the good old days and assume that we are discharging our duties as business managers, let alone as citizens of our respective countries, if we merely devote ourselves to economies and efficiencies within our own sphere, and ignore the colossal wastes that go on in the larger field of human conduct all about us?

I do not think so. It seems to me to be high time for management fully to accept the responsibility implied in the true sense of the statement that its field today is—the entire world.

DIVIDEND POLICIES DURING THE DEPRESSION

ROBERT L. TEBEAU

Research and Statistical Division
DUN & BRADSTREET, INC.

VARIOUS estimates are available of aggregate corporation profits and dividends, but they necessarily take the form of enormous totals inside of which many little statistics may be coming and going with stories of their own. At the other extreme is the endless succession of corporation reports, describing the individual case in detail, but unreliable separately as indicating group conduct. Yet the unstatisticked land between is obviously the dwelling-place of many homely and important truths. To a certain extent they are exposed to faint peripheral rays from the very general and the highly particularized data, but there is still ample excuse for turning on the light, even if the candle-power is slight.

Among these incompletely revealed matters has been the related profits and dividends performance of corporations during a severe depression and recovery. We know that both profits and dividends decline in total; but we are still short on the intimate details, such as changing corporate moods and policies at the moment of actual passage from one financial condition to another. In each year of the last business cycle, for example, how did American corporations group with respect to profits and dividends, considered in relationship rather than separately? How many passed their dividends when profits ceased and how many dipped into surplus for their stockholders'

benefit or for the sake of their market prestige? Into what new pattern of profit-dividend relationships did corporations fall after each year of battering or revival? As individual businesses, how many were able to set an earnings-dividend relationship and hold to it? And do the records of identical corporations check with the evidence available on relative dividend payments by large and small corporations?

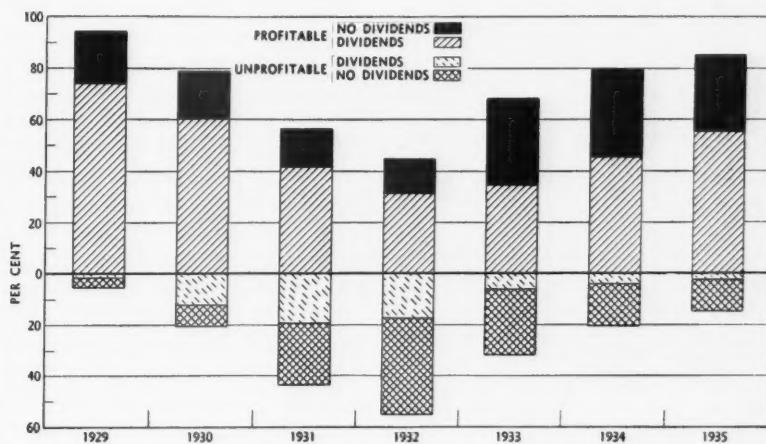
Last year some 700 corporations submitted confidential operating and financial data to DUN & BRADSTREET in a co-operative study of the effects of the Undistributed Profits Tax. Of these, 348 reports* were in sufficient detail to permit experimental inquiries into questions of the type just suggested, with reference to industrial and commercial enterprises.

Table 1 and Chart 1 give a bird's-eye

TABLE I. PROFIT-AND-DIVIDEND STATUS OF 348 CORPORATIONS, 1929-1935

| | | NUMBER OF COMPANIES | | | | | | |
|------------------------|------------------------------------|---------------------|------|------|------|------|------|------|
| | | 1929 | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 |
| Profitable | { No dividends | 71 | 68 | 53 | 48 | 117 | 119 | 104 |
| | Dividends less than earnings | 236 | 147 | 85 | 61 | 99 | 129 | 164 |
| | Dividends more than earnings | 22 | 62 | 59 | 47 | 22 | 30 | 29 |
| TOTAL PROFITABLE | | 329 | 277 | 197 | 156 | 238 | 278 | 297 |
| Unprofitable | { No dividends | 13 | 30 | 84 | 132 | 89 | 56 | 43 |
| | Dividends | 6 | 41 | 67 | 60 | 21 | 14 | 8 |
| | TOTAL UNPROFITABLE | 19 | 71 | 151 | 192 | 110 | 70 | 51 |
| TOTAL IN SAMPLE | | 348 | 348 | 348 | 348 | 348 | 348 | 348 |

CHART I. PROFIT-AND-DIVIDEND STATUS OF 348 CORPORATIONS, 1929-1935



* Among the 348 concerns which submitted complete data are included probably too many large corporations and too few very small ones. Furthermore, comparison with the Treasury's *Statistics of Income* shows the returns to be heavily biased in favor of profitability. Corporations which did not survive the depression would, of course, not be included. In addition, many companies which were unprofitable in 1936 doubtless felt that their figures would be of no help in analyzing the effects of the Undistributed Profits Tax. A comment which was frequently returned with unanswered questionnaires ran, "Undistributed profits are not a problem with us."

view of the struggle of American corporations to adapt their dividend* policies to the developments of the great depression. In 1929, 95 per cent of the corporations (329 of the 348) in the sample were profitable, while 76 per cent paid dividends. The great bulk, about two-thirds of all cases, were profitable corporations paying dividends less than earnings. From 1929 to 1932, the number of profitable corporations in the sample declined until only 45 per cent had any earnings to report. Payment of dividends declined more slowly, with the number paying dividends in 1931 and again in 1932 exceeding the number of profitable companies.

The return from loss to profitability appeared widely in 1933, but not so with dividends, which reached their low in that year. And during the recovery period, dividends lagged markedly behind profits. By 1935, the number reporting profits was nearly back to the 1929 level, but those making dividend payments were still below 1931.

Another significant measure of behavior is the extent to which companies dipped into their surplus to pay dividends, comprising those profitable companies whose dividends exceeded earnings, and those unprofitable companies which paid any dividends at all. Evidently this was an immediate but short-run situation, for the number thus using surplus increased rapidly in 1930, reached a peak at 36 per cent of the cases in 1931, declined a bit in 1932, and then fell off sharply.

Why did not profits and dividends move more closely together? One answer is that dividend policies are often determined or heavily influenced

by the preceding as well as the current year's operating results. A second factor is the part played by surplus in cushioning the decline at least temporarily. A third factor was that once the turning-point had appeared in profits, immediate attention went to rehabilitating plant, equipment, and

dividends" corporations was strewn in 1930, where those who were in this group in 1930 fell in 1931, where those in the same group in 1931 fell in 1932, etc. In other words, the story told here reflects the diverse conditions in which a group of corporations find or place themselves in any given year even though their profit-dividend situation in the preceding year was identical, —or to put it technically, the year-to-year changes in classification. It is not a consecutive history of individual corporations, although the entire sample is constant. It is primarily a study in behavior. Table 1 showed the realignment each year, but Table 2 discloses how the changes were brought about.

This tabulation is particularly significant because it shows all changes rather than the net result of changes, the evidence

that is presented in Table 1 on page 7.

The picture is clearly one in which the variety of individual corporate behavior tends to be obscured by broader tabulations which consider only the net changes in totals. There is always a considerable body of movement in the opposite direction to the major trend. For example, note that 9 corporations which were in the "profitable-no dividends" group in 1929 moved to the "profitable-dividends less than earnings" group in 1930 (Section I of Table 2). At the same time, 16 corporations moved from the second group to the first (Section II of Table 2). In any broad summary, this would presumably appear as a net loss in dividend payers of 7 corporations, and the additional 18 cases, half of whom moved one way and the other half in the opposite direction, would disappear because they would offset each other. The extent of these compensations is indicated in the following table:



working capital, rather than taking dividend-receivers off relief. And finally is the evident inertia of dividend policy in so uncertain a world, so that changes in profits are but slowly reflected either in dropping out of or returning to the dividend-paying class.

The description of dividend maneuvering up to this point has been of the panorama type, yielding a series of photographic views of over-all profit and dividend results produced each year by the combined force of business change and shifts in individual policy throughout the sample. It now becomes of some value, as material for economic war colleges of the future, to go over the ground in detail for the purpose of studying how each group of corporations behaved when faced with particular sets of circumstances.

The method of analysis is to show the inter-class shifts from each year to the next. Table 2 shows, for example, into what profit-and-dividend policy status the 1929 group of "profitable-no

* As used in this study, the term "dividends" refers to disbursements taxable as income to stockholders, and therefore excludes "pure" stock dividends. Furthermore, disbursements of less than 10 per cent of earnings were classified as "no dividends."

| | Profits to Loss Number of Companies | Loss to Profits |
|---------------|--|-------------------------------|
| 1929—1930.... | 58 | 6 |
| 1930—1931.... | 88 | 8 |
| 1931—1932.... | 62 | 21 |
| 1932—1933.... | 8 | 90 |
| 1933—1934.... | 18 | 58 |
| 1934—1935.... | 16 | 35 |
| | Dividends to Non-Dividends | Non-Dividends to Dividends |
| 1929—1930.... | 26 | 12 |
| 1930—1931.... | 50 | 11 |
| 1931—1932.... | 54 | 11 |
| 1932—1933.... | 41 | 15 |
| 1933—1934.... | 9 | 40 |
| 1934—1935.... | 10 | 38 |

What kind of story does Table 2 tell with reference to the changing relations of corporation profits to divi-

dend policies during a depression? The most obvious discovery is the importance of the item, "no change," despite the fact that profit status could not be held constant by the policy-makers. It is immediately noticeable, for example, that of the 71 "profitable-no dividends" concerns in 1929, 46 remained so in 1930. Roughly similar ratios persist over the succeeding years. The same is true if the line "profitable-dividends less than earnings" is followed through Section II, which reports the behavior of corporations which started the successive years in that status. The suggestion is height-

ened by Section IV where most corporations, after one year sans profits and dividends, exhibit a strong tendency to stay that way for at least the following year.

The greatest tendency to wobble is found in Sections III and V, where net worth is being encroached upon by the payment of unearned dividends. It is not startling to learn that dividend payments out of reserves show a weaker inclination to permanence than the more conservative policies. It is, nevertheless, interesting to note that in the depression years the principal shift out of Section III "profitable-dividends greater than earnings" was into the "unprofitable-dividends" class. Despite absolute losses, these particular corporations continued to pay. In 1931, for example, while 22 corporations beginning the year in the former state remained in it, 21 or only one less dropped into the fifth class. In 1932 the numbers thus staying and dropping are tied at 20 each.

This kind of fortitude presumably reflects the policy of corporations which normally make money, which expect to do so again, and which therefore continue their dividends in the face of adverse developments. The situation with respect to non-uniformity in Section V, however, is somewhat different. There it will be noted that while almost as many "unprofitable-dividends" concerns dropped their dividends in each following year as retained them (17 vs. 20, 26 vs. 27, etc.), the relationship almost completely lost its character in the last two recovery years. The whole class, in fact, dwindled away, its members either being rescued by return of profits or retreating by abandonment of dividend payments.

This tendency of the five original conditions to perpetuate themselves in varying degrees does not mean that a heavy percentage of the original corporations constituting each class was able to cling to a common profits-and-dividends status throughout. It will be remembered that the figures in each column of each section may be com-

TABLE 2. YEAR-TO-YEAR CHANGES IN PROFIT-AND-DIVIDEND STATUS

| STATUS PRIOR YEAR | STATUS SUCCEEDING YEAR | NUMBER OF COMPANIES | | | | | |
|---|--|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 1929 to 1930 | 1930 to 1931 | 1931 to 1932 | 1932 to 1933 | 1933 to 1934 | 1934 to 1935 |
| | | 1930 | 1931 | 1932 | 1933 | 1934 | 1935 |
| Profitable— No dividends | No CHANGE | 46 | 34 | 29 | 40 | 69 | 75 |
| | Profitable—dividends less than earnings | 9 | 4 | 3 | 5 | 31 | 32 |
| | Profitable—dividends greater than earnings | 2 | 3 | 4 | .. | 3 | 3 |
| | Unprofitable—no dividends | 13 | 23 | 15 | 3 | 13 | 9 |
| | Unprofitable—dividends | 1 | 4 | 2 | .. | 1 | .. |
| | | 71 | 68 | 53 | 48 | 117 | 119 |
| SECTION II | | | | | | | |
| Profitable— Dividends less than earnings | Profitable—no dividends | 16 | 13 | 4 | 7 | 3 | 2 |
| | No CHANGE | 128 | 66 | 50 | 43 | 82 | 112 |
| | Profitable—dividends greater than earnings | 54 | 34 | 17 | 9 | 11 | 10 |
| | Unprofitable—no dividends | 6 | 12 | 4 | .. | .. | 3 |
| | Unprofitable—dividends | 32 | 22 | 10 | 2 | 3 | 2 |
| | | 236 | 147 | 85 | 61 | 99 | 129 |
| SECTION III | | | | | | | |
| Profitable— Dividends greater than earnings | Profitable—no dividends | 1 | 2 | 3 | 12 | 2 | 4 |
| | Profitable—dividends less than earnings | 9 | 11 | 5 | 26 | 8 | 11 |
| | No CHANGE | 6 | 22 | 20 | 6 | 11 | 13 |
| | Unprofitable—no dividends | 1 | 6 | 11 | 1 | .. | .. |
| | Unprofitable—dividends | 5 | 21 | 20 | 2 | 1 | 2 |
| | | 22 | 62 | 59 | 47 | 22 | 30 |
| SECTION IV | | | | | | | |
| Unprofitable— No dividends | Profitable—no dividends | 4 | 4 | 6 | 47 | 44 | 23 |
| | Profitable—dividends less than earnings | .. | .. | 8 | 4 | 2 | .. |
| | Profitable—dividends greater than earnings | .. | .. | 1 | 1 | 1 | 1 |
| | No CHANGE | 9 | 26 | 76 | 75 | 40 | 30 |
| | Unprofitable—dividends | .. | .. | 1 | 1 | .. | .. |
| | | 13 | 30 | 84 | 132 | 89 | 56 |
| SECTION V | | | | | | | |
| Unprofitable— Dividends | Profitable—no dividends | 1 | .. | 6 | 11 | 1 | .. |
| | Profitable—dividends less than earnings | 1 | 4 | 3 | 17 | 4 | 7 |
| | Profitable—dividends greater than earnings | .. | .. | 5 | 6 | 4 | 2 |
| | Unprofitable—no dividends | 1 | 17 | 26 | 10 | 3 | 1 |
| | No CHANGE | 3 | 20 | 27 | 16 | 9 | 4 |
| | | 6 | 41 | 67 | 60 | 21 | 14 |
| TOTAL IN SAMPLE | | 348 | 348 | 348 | 348 | 348 | 348 |

pared only with themselves and their total, the latter representing merely the number of concerns in the designated class during the preceding year.

The main inference, but an interesting one, is that throughout all the violence of the depression and recovery there was a pronounced tendency for corporations to linger in any original profits-dividends status, at least temporarily. Only where unearned dividends were being paid did the record waver.

Laying aside this characteristic, there is significance in the fact that secondary lines of dominance emerged in most of the sections for fairly extended periods. These secondary lines mean that when corporations did shift out of a particular status, they tended to move in substantial bodies. The direction of their flight is in itself a good study in depression behavior.

Shifts Analyzed

In Section I, the largest group which shifted during the declining years, the companies earning profits but paying no dividends, was made up of those that became unprofitable and continued to pay no dividends. Certainly, the shift from profit to loss would not be expected to encourage dividend payment, although there are 7 cases of even this pattern in the record. The inference for this main group is that their heads had been just above water profit-wise and sank without much pushing as the year wore on and the situation became worse. From 1932-1933 on, the principal shift is in the opposite direction to the ranks of profitable corporations which had been paying no dividends at the beginning of those particular years but which resumed dividends, usually less than earnings, as conditions improved.

Section II of the table indicates that profitable concerns distributing only part of their earnings to stockholders generally continued for at least a year to pay dividends even when earnings dwindled or became deficits. Comparatively few companies discontinued

dividends immediately, even in the face of losses. Note the relatively trivial shift into the "no dividend" lines (1 and 4) as compared with the other three lines representing dividend payments in the succeeding year.

A Changing Group

The third section is one of the two whose members at the beginning of each preceding year had been drawing upon surplus to maintain dividends. As noted above, membership in this group is evidently a transient one. Its persistence was threatened during the declining years both by declining or disappearing profits and by passed dividends; and during the recovery by increasing earnings reaching the point of being greater than dividends. It is interesting to note that there is a decided tendency to continue to pay dividends for at least a year in the face of a shift from profits to losses (21 out of 27 and 20 out of 31).

Section IV of Table 2 is made up of those corporations which in each preceding year had been unprofitable and paid no dividends. Although as usual the members of this class tended to persist in it, a strong shift occurred in the three recovery years to the category of concerns getting out of the red but still declining to pay dividends (line 1). They were evidently determined to rebuild depleted reserves and working capital, and perhaps repair capital deficits. Very few cases in this group moved into dividend payments in the following year, regardless of the profits record. However, one should note that there were two brave cases which were unprofitable but paid dividends in 1932 and 1933, despite the fact that the previous year with losses, there had been no dividend payments.

In the fifth or "unprofitable-dividends" class we return to one of the two unstable areas previously recognized. During the depression the persisting members of the class were almost equalled in number by concerns which likewise remained unprofitable but refused further to eat

into surplus. In most instances when profits appeared the dividend policy was continued, although in 1933, 11 companies which had been unprofitable in the previous year and paid dividends shifted to the profitable group and discontinued dividends. Evidently profits are not the sole determinant.

It has repeatedly been emphasized that the foregoing data deal exclusively with corporate behavior in given situations and not with individual performances for the seven-year period. It is possible to draw a consecutive history of individual corporations from the basic figures, but the impression it yields is one of confusion and indirection, rather than a clear-cut pattern. By way of illustration, only 48 out of 348 corporations held to an unbroken status throughout the seven years under review. Of these, 29 consistently made a profit and distributed a part of it in dividends, 16 made a profit and distributed nothing, and 3 suffered losses throughout and paid no dividends. Not a single one of these concerns achieved immortality by making nothing and paying something for the entire seven years, although 3 concerns did succeed in defying gravity for 5 of those years.

Small vs. Large

In the mass of question marks that still punctuate every analysis of the depression, two in particular keep pressing to the fore: first, who continued to make money, with particular reference to size; and second, who was most cautious in passing it on and who was most obliging?

As is shown in Chart 2, the large* concerns in the sample were more consistently profitable than the small, with 40 per cent of the large showing perfect records as against 33 per cent of the medium and 26 per cent of the small. These figures must not be taken absolutely, since they are probably too high, but they nevertheless provide

* The size classification is based on combined capital and surplus: small, below \$200,000; medium, \$200,000 to \$1,000,000; large, above \$1,000,000. Note that in the "large" category are thus included many concerns not so large as the so-called "giant" corporations.

CHART 2. NUMBER OF PROFITABLE YEARS, 1929-1935

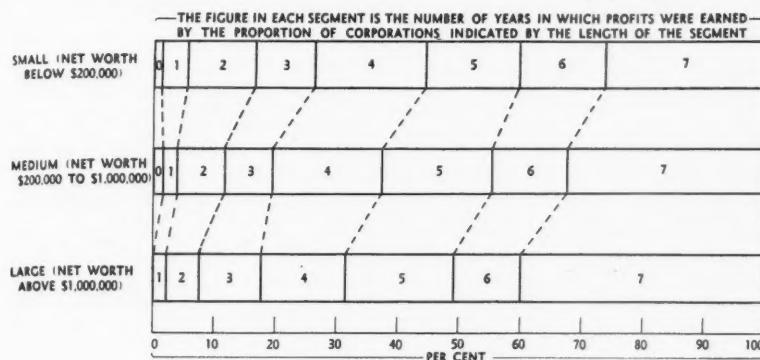


CHART 3. PERCENTAGE OF PROFITABLE CORPORATIONS IN EACH SIZE GROUP, 1929-1935

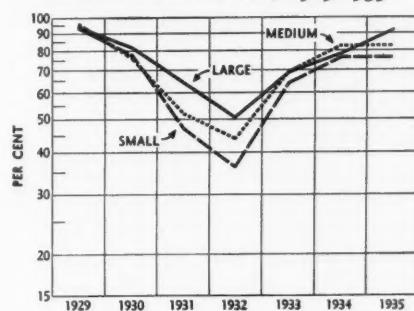


CHART 4. NUMBER OF YEARS OF DIVIDEND PAYMENTS, 1929-1935

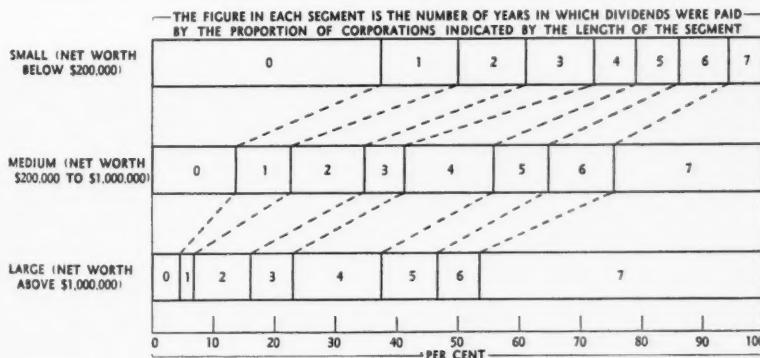
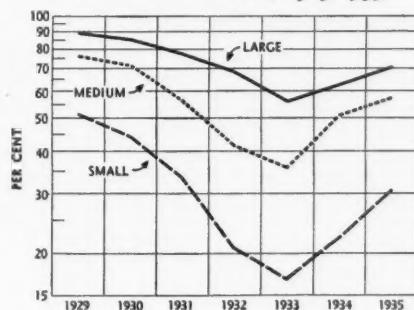


CHART 5. PERCENTAGE OF DIVIDEND-PAYING CORPORATIONS IN EACH SIZE GROUP, 1929-1935



some indication of the direct correlation between size and consistency of earnings. This correlation is not unexpected in the light of previous studies along this line, which have suggested with considerable uniformity that large concerns earn less in good times and lose less in bad times than do the small.

Profit Makers

Chart 3 shows for the seven years the percentage of concerns of each class making profits. The vertical scale is logarithmic to emphasize differences in rates of change between size groups. Although the same proportion of each size group (93-95 per cent) was profitable in 1929, the heavier impact of the depression on the small corporation is apparent in the chart. The percentage of profitable small corporations declined in 1932 to 36, at the same time that over half of the big business fraternity was still making money. The steeper incline of the small corporation graph from 1933 to 1935 is indicative of the faster rates at which small business climbed out of its deeper depression.

Compilation by industry, though perhaps less reliable because of the smaller samples, is no less interesting. The best performance is turned in by the food industry, with 56 per cent in this line having perfect records. Paper, printing, and publishing with 52 per cent, and drugs and chemicals with 50 per cent are the other consistent earners. At the opposite end of the scale, the iron and steel industry reported only 19 per cent of its members to have been consistent earners. Almost as frequent losers were machinery and transportation equipment with 21 per cent and textiles and leather with 24 per cent.

A similar analysis to that just presented for profits can be made of the dividend record. Chart 4 breaks down the three size groups according to the number of years in which dividends were paid. The contrast between the large and the small corporations is evident. It appears that small concerns

engaged in much less dividend disbursement than the larger companies, at least during the period under consideration. Specifically, 51 per cent of the large corporations paid dividends throughout the entire seven years, a fairly stalwart performance in the face of the fact that only 40 per cent earned profits consistently during that period. At the other extreme, 26 per cent of the small corporations had perfect earning records whereas only 6 per cent maintained dividends. This contrast is further heightened by the discovery that 38 per cent of the small corporations did not disburse to stockholders in any of the years under consideration, compared with only 5 per cent of the large.

Dividend Payers

In Chart 5 is shown the proportion of concerns paying dividends for each year of the seven. Two impressions stand out: (1) In every year the degree of disbursement was closely related to size; (2) As is clearly shown, since the chart is on a ratio basis, relatively more small companies discontinued dividends during the depression than did large concerns. These characteristics doubtless derive in part from differences in the earnings record, as well as in access to capital markets and from a less strenuous urge to expand. The original report (DUN'S REVIEW, September, 1937) showed a marked correlation between size and dividend liberality in 1936. The data shown in Chart 5 indicate that this same correlation obtained as far back as 1929.

The variations in profitability, by industries, set a pattern which is fairly closely followed in the matter of dividend disbursements. The most consistent dividend payers were the food companies, of which 42 per cent made distributions in all seven years, and the paper and printing companies, with 39 per cent. Similarly, seven years of dividend payments were reported by only 19 per cent of the iron and steel companies; 20 per cent of the machin-

ery and transportation equipment concerns; 23 per cent of the wood, stone, clay, and glass industries; and 25 per cent of the textiles and leather group.

Summary

Perhaps some light has been focused by these data on the shadowy land (with a reference to which this article opened) between massive totals and individual corporation reports. At any rate certain inferences are obvious.

First is the lag between dividends and earnings. Although the number of profitable concerns was lowest in 1932, the number of dividend payers did not touch bottom until 1933. On the other hand, companies paying dividends out of surplus were most numerous in 1931.

The figures showing net change of all corporations from one profit-dividend status to another were found to conceal many cases of pairing. Companies moving from one status to a second were offset in the totals by the movement of other concerns from the second status to the first. Thus only the major trends were reflected in the totals.

Most corporations tended to remain, for at least a year, in the profit-dividend

status in which they started that year. The companies which did shift tended in considerable numbers to shift to a common new status.

Profitable corporations paying dividends exhibited a marked tendency to continue paying them for at least a year in the face of shrinking earnings or even deficits. However, while dividends were paid out of surplus by a noteworthy proportion of corporations in each of the three heaviest depression years, the length of time individual corporations persisted in this policy was relatively brief.

Large corporations displayed the greatest ability to stay profitable during the depression. In every year more of the large corporations paid dividends than did the small; the latter also showed a greater readiness to discontinue dividends during the depression.

The industries showing the most stable earnings and dividend records were the food industry and the paper and printing industry. On the other hand the iron and steel industry and the machinery and equipment industry had the least frequent earnings and made the least frequent disbursements.



SNOW WHITE . . .



(C) WALT DISNEY ENTERPRISES, 1937

*Inanimate characters become
a new force in merchandising*

GEORGE T. BRISTOL

Editorial Staff, Dun's Review

SOMEWHERE today—if not in this country then in one of eighty-eight others—Walt Disney's "Snow White and the Seven Dwarfs" is about to have its local première. Most of the local citizenry have known of its scheduled arrival for some time; a few first read of it in last night's paper; the rest, if there are any, cannot fail to notice that something is afoot. For overnight shop windows have become transformed. Yesterday they were displaying dresses, cereals, jewelry, stationery, glassware, and toys. Today, oddly, they all seem to be vending variants of the same commodity, created in the image of a story book princess and a troop of ugly but engaging little men.

To retailers and townsfolk the transformation is novel and exciting, but it is only a reenactment of what happened a few weeks before in Chicago and Trenton, New Orleans and New York, Boston and Cedar Rapids. In fact, the main street of almost any city testifies to the popularity of these new celebrities and to the astute merchandising which is following (but only apparently following) in its wake. For fat pocketbooks and thin ones, for grown-ups and children, there are bracelets at more than \$100 and less than 50 cents, dresses for \$39.50 and \$3.95, books at \$2, 50 cents, and 10 cents. Of the last, dealers have already bought more than 7,000,000. There are

puzzles, silverware, hats, stationery, peanut butter, phonograph records, umbrellas—the list of lines runs on and on. Some not sold at retail are given away as manufacturers' premiums.

Certainly "Snow White and the Seven Dwarfs" is the most dramatic example of a new force in merchandising. For the moment Popeye, Mickey Mouse, and Charlie McCarthy are in partial eclipse, but by no means should they be counted unimportant. Every day they, too, are moving their share of foods, alarm clocks, games, and other novelties. The inanimate characters of mass entertainment, in motion picture, comic strips, and radio, have become ranking salesmen. Indeed they have

created a new dimension in fashion merchandising.

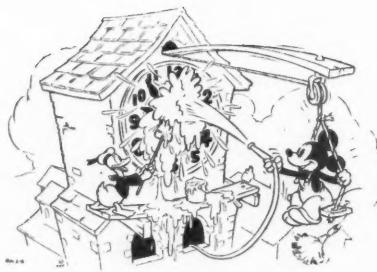
It was not long ago when most manufacturers concluded that the general acceptance of a fashion which was in their heads could not be forced by advertising or a staff of stylists. Receptive enough to advertising which told it how to stay healthy or where to buy an oil burner, a perverse public insisted on following its own preference in matters of style. To be sure, advertising in its many forms was invaluable in adding momentum to a fashion snowball. But for giving it original impetus and direction no combination of advertising activity seemed to be dependable. Accordingly, the best stylist came to be not the one who created a fashion, but the one who successfully foretold it. Seasonal goods—for Easter, Christmas, school-opening, and other annual occurrences—might still be promoted aggressively. For more heady realms of fashion the prudent offense, evidently, was a fast defense, and not continual mention of Paris, Bond Street, and Fifth Avenue.

No Formula

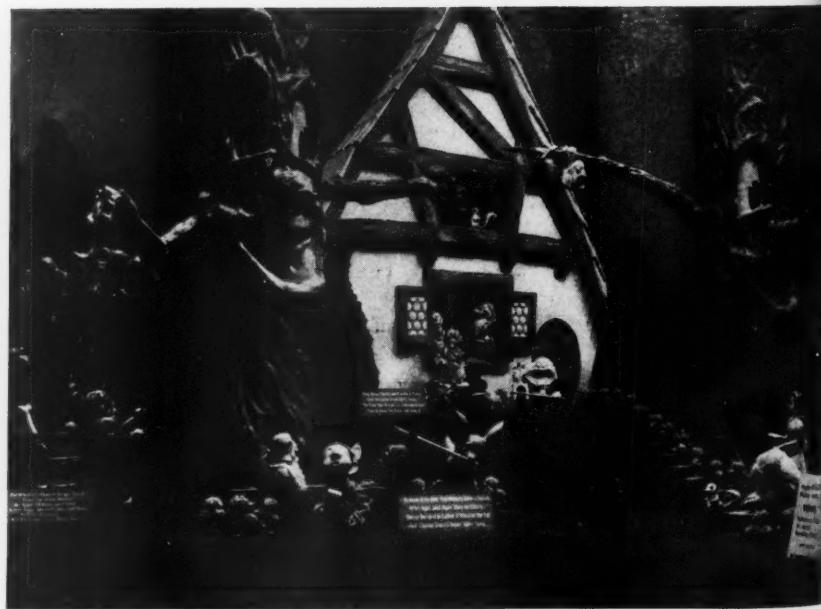
That was a conclusion which manufacturers and distributors would have preferred not to reach, for it decreed that they should play a passive, rather than an active rôle in fashion merchandising. Holding out little promise of control, it presented no formula for minimizing risk. But having paid a handsome tuition fee for the instruction, they accepted it.

The two paragraphs which have gone before paraphrase an appraisal made by a retailing and merchandising authority, Dr. Paul H. Nystrom,* six years ago. In those few years the little people of make-believe have become giant exceptions to his earlier conclusions. Like advertising, they make use of screen, radio, and newspaper. And using these media, they undoubtedly do create fashions. There is little, for example, which was haphazard in

* Paul H. Nystrom, *Fashion Merchandising*, Ronald, New York, 1932.



In producing Snow White, Walt Disney adopted a more advanced technique, turning to subtly shaded sketches. He also expanded his observation zoo.



the creation of the Snow White vogue. One may contend that it was dependent upon public acceptance of the film. But in the light of the producer's mounting experience, even that seemed reasonably certain. Actually it was counted on a year ago, when negotiations began with publishers, manufacturers, and Parisian designers. From a simple idea Snow White has been inflated to an international fashion by careful, calculated use of methods already tested on earlier ventures.

By 1932, four years after Mickey Mouse was born, Walt Disney had granted licenses to some fifteen manufacturers to reproduce his rodent on dolls, toys, and clothing. Fifteen, it turned out, was just about the point of diminishing returns for the Disney enterprises in the dual management problems of production and commer-

cial exploitation. There the worries of infringement and misuse of rights began to obstruct film-making. Thus there was brought into being Kay Kamen, Ltd., headed up by an able merchandising man from Kansas City. Disney stayed in Hollywood with production. Kamen set up a separate licensing agency with offices in New York, and soon in other cities too. The arrangement worked rather well; in 1932 sales of Disney character articles had totalled \$300,000, in 1937 they were \$35,000,000.

Natural Growth

In part that growth is attributable to the increasing popularity of the Disney characters. Donald Duck, Pluto the Pup, and other alliterative creatures have joined in the Mickey Mouse parade. In part it is attributable to the very fact that offices in several countries were open eight hours a day for the sole purpose of granting licenses. A manufacturer of children's games and books, for example, observed: "We used to give them fairy tales—something we thought they *ought* to want. Since we have begun making what they actually do want our sales have increased tremendously. It was a field just waiting to be exploited."

But of equal importance in this sales growth has been the active creation of

demand. After Kamen had caught up with a latent Mickey Mouse vogue, there followed opportunities to build new fashions from the ground up, tying in merchandise with new characters. Here were real fashion acceptance problems. Missionary salesmen were sent out to gain the co-operation of retailers and set up displays. The filtration device, pouring a style down through successively lower-priced merchandise, was adopted. Artists were engaged to design packages for licensees. Licensees were selected not primarily on a basis of size or reputation, but according to the measure of promotion which they would expend on their merchandise and inevitably on the Disney character.

In the face of these activities it is difficult to contend that the pictures created the fashions and that Kamen and the licensees rode on their coattails. It was more like a revolving door. The pictures promoted the sale of goods; the likenesses on the merchandise enhanced the popularity of the pictures. And sharing in Kamen, Ltd.'s profits, Disney in his turn ploughed license revenue back into more pictures.

Even before Snow White, 100 licensees in the United States, 15 in Canada, 40 in England, 80 on the Continent, and 15 in Australia were happily engaged in this game of perpetual motion,



If the entire picture can be called a symphonic fantasy, certainly this sequence should be dubbed the fantastic symphony.

New York strollers found Snow White portrayed as a sleek young matron in the window featured by Saks-Fifth Avenue.



enjoying a sales advantage and through their promotion work contributing to the general welfare of each other and the Disney menagerie. Among the licensees, four publishers were busy at one time, a well-known toy train manufacturing company was nursed back to financial health, a rubber company making Zeppelins was also producing fifty-foot Mickeys for Macy parades, a department store spent \$25,000 on a single window display, the Ingersoll Watch Company sold 1,000,000 watches in one year.

All those were evidences of a maturing, smoothly-running promotion technique. They implied that the launching of Snow White would not get off to a standing start. First negotiations were indeed undertaken more than a year before its release. License Number One went to a Paris silk house. In the accessory market buyers first became conscious that Snow White and the Seven Dwarfs were on the way when Cartier adopted their figures for little charms in solid gold and precious stones. Thus Snow White as a fashion influence was marked first for the carriage trade. When dwarf hats appeared they would have such sponsorship as Bonwit Teller & Company's. The \$2 edition of the book would bear the imprint of Harper & Brothers.

With the spade work done, Kamen, Ltd., turned to active licensing. The list of 80, and still growing here and abroad, carries such names as General Foods, RCA-Victor, Seiberling Latex Products, Owens-Illinois, McCall, International Silver, Kraft-Phenix, Armour, Chopak, and Kroger.

Next on the agenda were co-operative efforts with manufacturers—more of the package designing and missionary work already perfected—and publication of a schedule of the picture's release starts in cities all across the country. Here is fashion merchandising raised to a third power. Not only has



Because it contained this excellent likeness of the most popular dwarf, Dopey—extreme right, with sail-ears—Woolworth's Fifth Avenue window was much admired.

Snow White been a pre-destined fashion, but added to that merchants know in advance when its peaks will hit their city. Actually there will be two or more peaks in several cities. The active merchandising influence of a seven-minute Disney cartoon lasts eighteen months; it seems probable that an eighty-six-minute production, with technicolor and song hits as well, will have a number of revivals. At any rate the revolving door is turning again, this time for Snow White.

Another aspect of timing which is especially important to retailers is the season when the film is first released. Snow White began its record run at New York's Radio City Music Hall on January 13. From the Kamen office comes the explanation that this is a picture which should play for many months, finally reaching 88 countries, and therefore it is highly desirable that it be "a 1938 picture." Others have pointed out that release at that time in New York means that its first run in the biggest cities coincides with the usual seasonal lull between Christmas and Easter. Regardless of cause, the January date is of more than over-the-back-fence interest. Henceforth Disney plans to make a full-length picture each year. Fashion merchandising will see more of these inanimate creatures before it sees less.

It will see more of them for a second reason as well, resting in the very growth of importance of fashion merchandising itself. Fifty years ago, markedly in the United States, supply was continually hard pressed to catch demand as it ran up the slope of increasing population and expanding income. Much advertising of the period was of the sort which seemed to say "We have just received twenty new sewing machines. If you hurry you can buy one." Fashion merchandise was for the wealthy, at a price. For whatever reasons, as the years passed competition became increasingly keen, and in the battle for the consumer's dollar styling descended through several price brackets, finally to the very lowest. Salad forks in simple Early American patterns reached the limited-price variety stores.

Even before the vogue for animated screen heroes, tie-ins with favorites of the comic strips became a tool of competitive merchandising, for the most part in the toy and game trades. In more recent years they have been used also in books and children's clothing and similar articles, licensed most often by King Features Syndicate, Inc.

Another related development has been comic strip advertising, which has taken two forms. In one, most of the strip is straight entertainment and a single panel announcing the "sponsor" is not unlike the radio commercial. Last Summer the General Baking Company began such a feature, taking as characters the "Terry and Ted" who had already appeared in the Bond Bread radio program. In the other form, the entire strip tells a purely advertising story. The latter device is far from new. As long ago as 1904 H-O Mills, makers of cereal products, had their "Sunny Jim." Just now, oil companies are vying for consumer favor with comic characters on 24-sheet outdoor posters which run the gamut from Mutt and Jeff to Peter Arno.

The inanimate creatures can be examined from many aspects. On one side, as we have seen, the subject tails off into advertising. On another it meets the question of monopoly. A license after all is an extension of a patent or a copyright, giving the licensee a monopolistic privilege. Its justification is based generally on the grounds that the prospect of license fees encourages an artist or inventor to use his creative talents, enabling him to amortize his expenses and hopefully to create again. According to these criteria there is ample justification for

the Disney licenses. Most of the revenue, allegedly, has been turned back into more pictures. This seems not unlikely, for the productions are expensive (Disney now employs 700; those who are animators get \$500 a week) and short subjects are never the lucrative ventures which feature pictures sometimes are. At the other source, license proceeds average in all about 5 per cent of retail sales. Of this, only part goes to Disney.

On the licensee's side there can be no doubt that the license privilege is attractive. It affords him a protection

rare in fashion merchandising, where design piracy is always a nuisance, often a costly one. With the clear legal case of an agent acting for an artist whose works are copyrighted and registered, Kamen finds that merely the threat of an alert police force is an effective deterrent. A pirate, furthermore, has to get along without the help of Kamen designers, and usually the imitations are poor likenesses.

From beginning to end the new type of fashion merchandising dramatized by the success of *Snow White* departs from established principles. At the beginning it is self-starting. At the end, when goods are on the market, it is largely self-policing. And all through its course it refreshes itself by expending its own energy. It even runs on schedule.

Such is the power of these inanimate creatures of mass entertainment. That they influence sales positively is quite clear. Whether they can exert a negative sales influence is a question still to be answered. Because they are inanimate and their actions all are fantasy, it is just conceivable that "*Snow White and the Seven Dwarfs*," while potent enough to sell untold quantities of almost everything, might not hinder the sale of even one ripe, red apple.



Especially effective at night, the display arranged by R. H. Macy & Co. suggests the forest shown below in a frame taken from the picture itself.

One reason why the picture will remain a forceful merchandising influence for many months is that a great many persons see it for a second time, just to watch the expressions of the animals.



PABLO PICASSO
(Spanish) "Woman in White." Picasso is one of the most versatile and brilliant artists of modern times. He was one of the first adventurers in cubism and abstractions. His "Woman in White," shown here, is monumental in its simplicity and as such is typical of one of the finest phases of his art. At times borrowing frankly from the great art periods of the past his work nevertheless is invariably imbued with his own individuality. His search for art expression has led him through myriad experiments—with sometimes amazing, yet always exciting results.



COURTESY OF THE MUSEUM OF MODERN ART

THE RELATIONSHIP OF MODERN ART TO MODERN INDUSTRY

MAXWELL SIMPSON

THE widespread influence of modern art can be traced into surprisingly remote spheres of modern life. This influence has been brought about by a group of artists—painters of pictures for the most part—who were usually thought by the public to live separate lives, thinking different thoughts often inimicable to the fast rhythm and active pace of contemporary life—perhaps I should add, particularly business life. But beauty, after all, must ever play an essential part in the scheme of human living, even as recreation and religion, and so it happens, that the consideration of beauty has found its way into the often matter-

of-fact world of modern business and industry.

When the artists of the modern school made their experiments and took their adventures into the realm of beauty they doubtless had no inkling, much less concern, as to whether repercussions might follow their creations either in the world of art or in industry. Their concern as artists was the creation of a thing as art, of beauty as they saw it. It is no accident that modern industry in designing for specific use has adopted the aesthetic principles embodied in the designing of modern paintings—direct swift lines, use of angles and geometric forms, fearless-

ness of color, and moderate use of decoration—as opposed, let us say, to our preceding Victorian age.

The term "modern art" covers a great deal of ground. Under its heading are included many and often divergent schools, or theories, of creative art, such as impressionism, post-impressionism, futurism, cubism, sur-realism, abstractions, and so on. But running through all these theories and falling under the general heading of modern art is a common, spontaneous interest in creative imagination. This interest contrasts with the academic theory which too often approves the mere arranging and posing of natural objects, animate

or inanimate, and then the copying, camera-like and with a schoolboy's unthinking and unfeeling conscientiousness, of what is beheld with the physical eye, in total ignorance of, or indifference to, the inner eye which is composed of spirit, mind, emotion, and imagination.

The phase of modern art called "abstractions" (that is, the use of color, pattern, line, accent, and rhythm for their own sakes without regard to the realistic representation of natural objects, which is often so baffling to the understanding of the lay-public) is really but an elaboration and extension of aesthetic ideas (readily enough accepted by the public) as embodied in modern rug designs, furniture, cloth, architecture, and so on.

All good abstractions represent the

solid frame or skeleton of all sound "picture building." But human beings, meaning either laymen or practising artists, are not ordinarily interested in skeletons excepting as ossified clothes-trees, so to speak, on which a living flesh and breathing personality are hung. Because the creation of abstractions is usually, if not always, a cold, cerebral process, I personally as a human (and, if you get what I mean, I think that every artist must be a human before he is an artist) consider abstractions as necessarily limited human expressions. Too often abstractions are merely fine decorations without sufficient human association.

In addition, there often appears an almost deliberate and pedantic desire in the creator of abstractions further to confuse and to mystify a gullible

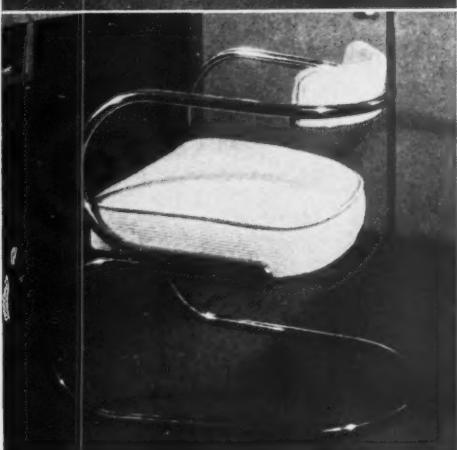
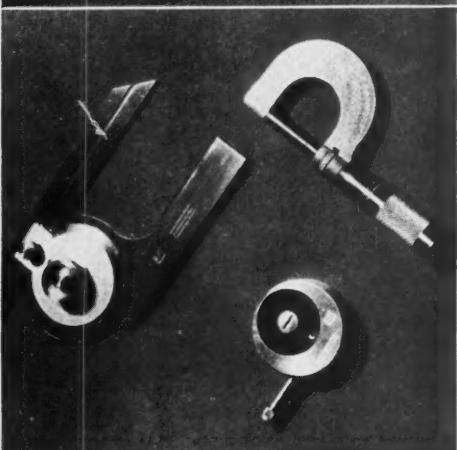
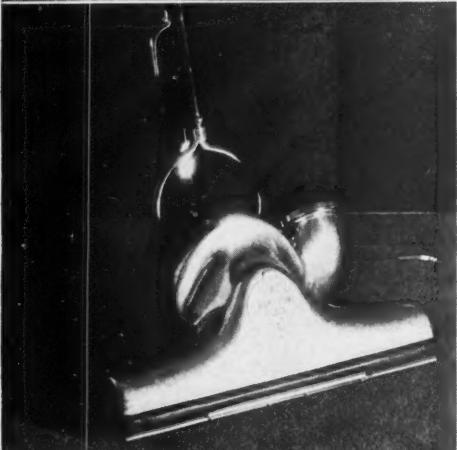
public by giving realistic titles to abstract or un-realistic creations. Consider, for example, that "Succes de Scandal," Marcel Duchamp's "Nude Descending the Stairs." There is no serious reason for calling such a picture by such a name. Call it, "Explosion of Brick-bats Bursting over Bombay" or "Picture No. 6½" and there would be just as much connection. Why deliberately aim to confuse and to bamboozle a public who, after all, modern art would do well to have as its friend instead of its enemy?

Sur-realism is a "new" form of subject matter, borrowed from the ancients. Its theme is claimed to be from the world of the subconscious mind of day or night dreams—anyway, dreams. But too often, it seems to me, it is a very conscious world which very con-



COURTESY OF THE MUSEUM OF MODERN ART

VINCENT VAN GOGH (Dutch)—"Carpenter's Workshop and a Laundry." This drawing is from the early work of Van Gogh, when he worked as an evangelist among the poor coal-miners of Le Borinage in Belgium. In the very carefulness with which he drew this scene one can read his sympathy with the workers of that locality. His paintings of that period were mostly sombre, but in later years, as his art matured, his work became remarkable for exotic and exuberant color and the apparent joy of living. Yet he died a suicide at the age of thirty-seven.



COURTESY OF THE MUSEUM OF MODERN ART

sciously chooses (for some bizarre and psychopathic reason) to select from life the most dissociated assemblage of objects, or fractions of objects, and present them in a picture, well-organized and well-executed—for the leaders of surrealism are superb technicians if nothing more.

Comment on the various subdivisions of modern art could be expanded to the dimensions of a book, and books of course have been written on the subject. Let my remarks suffice merely to suggest what I consider some of the pitfalls of modern art, as art, which pitfalls, along with the good, have been gathered to its own use by modern industry.

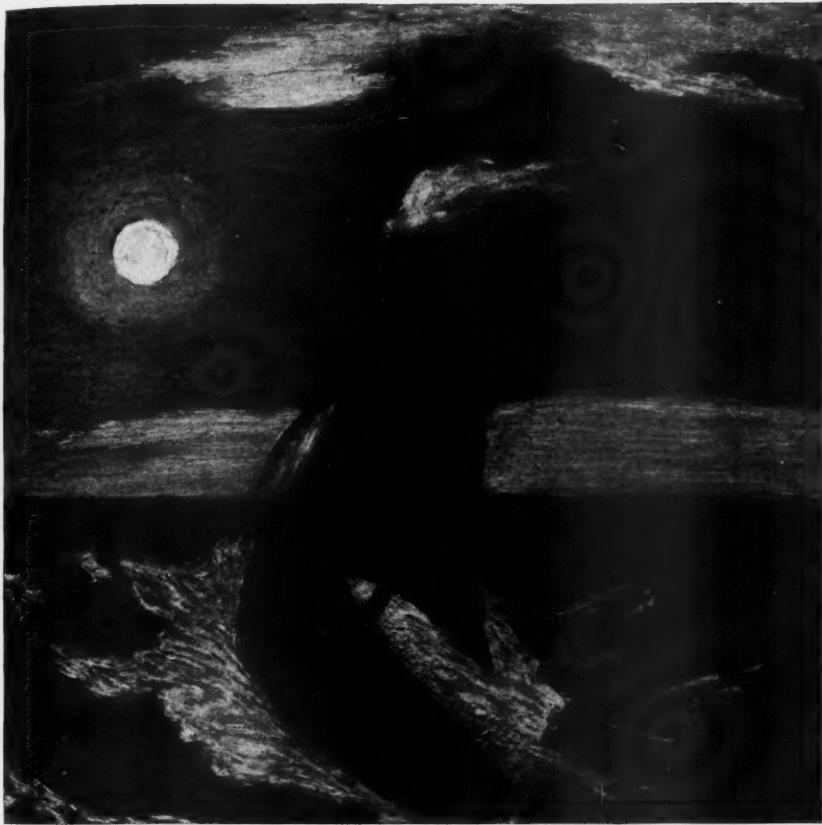
From the time of the prehistoric cave drawings to the present day, art is and always has been art in proportion as it is an expression of life in one form or another. It follows that no artist can paint, carve, or compose an impor-

Industry has been quick to grasp the frankness and honest directness of modern art to its own use, says Mr. Simpson, so that suddenly "streamlines" and "cubism" are a commonplace in the fields of machinery design, advertising, textile designs, automobiles, women's shoes and hats, tableware, watches, jewelry, and almost toothpicks! Photographs of the faucet, vacuum cleaner, tools, and chair, courtesy of the Museum of Modern Art.

YASU KUNIYOSHI (Naturalized Japanese American)—“Fisherman.” In this ink and wash drawing the central theme portrays a fisherman miraculously catching a fish in his right hand, while his left hand holds a knife with which he is about to spear the fish. The surrounding natural objects are symbolic of a country landscape—or more specifically, country landscape in Spring. The idea of Spring is suggested by the leaves of “skunk cabbage,” new sprouts of grass, the root of the tree to the left reaching downward into the earth, and the feathery, leafy group of trees above the fisherman. The grasshopper, fish, bird, cow, and various kinds of vegetation are in themselves suggestive of growing things. The effectiveness of the drawing exists in its very sensitive feeling for line and the distribution of light and shade.

tant work of art if he separates himself from life. It has been said, rather truthfully I think, that every artist is an expression of, or a revolt against, the age in which he lives. The present age is one of action, of frankness, and of deeper searching in the fields of science, mechanics, and economics, as well as of art.

Art at the same time in its search for expression has removed the veil of nineteenth-century prudery and persiflage and has employed methods of directness—a taboo on sentimentality, preferring at times honest ugliness to trite prettiness. Industry, on the other hand, has been quick to grasp the idiom to its own use, so that suddenly “stream-



COURTESY OF THE METROPOLITAN MUSEUM OF ART

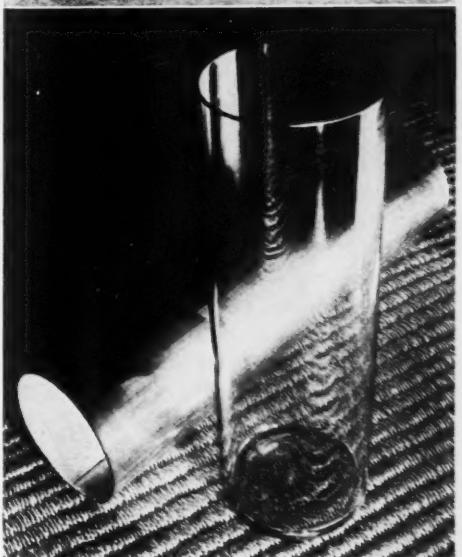
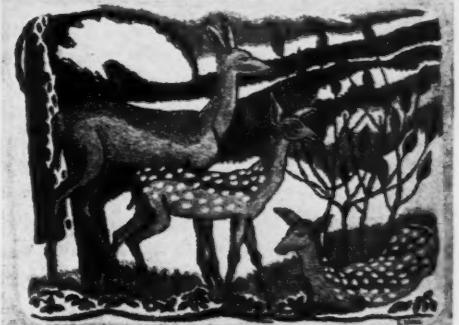
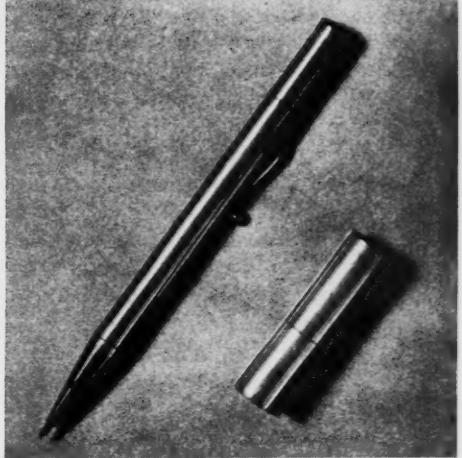
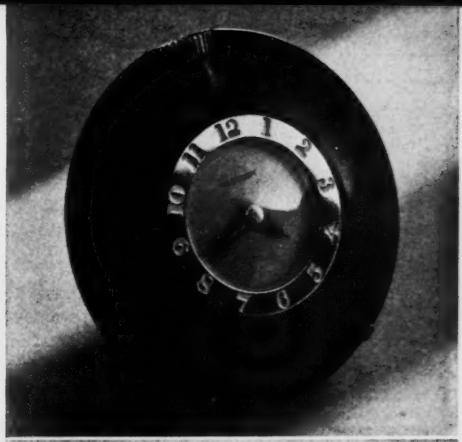
ALBERT P. RYDER (American)—“Toilers of the Sea.” This painting by one of America’s most revered and loved artists is a striking example of the blending of the principles of abstract painting with recognizable natural forms. Its theme, the sea, is one which repeatedly attracted him, perhaps because of the dramatic nature of the subject itself. At least Ryder’s own interpretations of the subject were invariably dramatic, possessing at the same time an elusive suggestion of mystery. Most of his paintings were worked on over a period of years, acquiring gradually a surface of rich, transparent depth.

“lines” and “cubism” are a commonplace in the fields of machinery design, advertising, packaged cosmetics, textile designs, automobiles, window displays, vacuum cleaners, women’s shoes and hats, tableware, watches, jewelry, and almost toothpicks! Sakhnoffsky in a current magazine shows an interesting series of designs for rear-engined automobiles, yachts, trailers, aeroplanes, bath tubs, showers, ward robes, and swimming pools with much streamline and imagination.

With this in mind it becomes irrelevant whether or not the painter of the

past, present, or future makes his picture “look like something” and after all it is more a matter of habit than intelligence to require that the contents of a picture be something one is accustomed to see and to recognize. No one asks the musician in composing music to reproduce exactly the sounds one commonly hears and recognizes in nature. Why should bias exist in the realm of painting? To be endowed with a noble imagination is perhaps the most crowning and god-like trait of the human species. As far as is known no other member of the animal kingdom possesses and expresses it. And it is this element of imagination which distinguishes and exalts every

The phase of modern art called “abstractions” (that is, the use of color, pattern, line, accent, and rhythm without regard to the realistic representation of natural objects) is really but an elaboration of aesthetic ideas readily enough accepted by the public, the author points out, when embodied in modern furniture, cloth, and architecture. Photographs of the clock, pencil, rug, and tumblers, courtesy of the Museum of Modern Art.



fine work of art. It is the breath of life to all art.

Painters at one time obscure but now acknowledged masters of modern art, such as Cezanne, Van Gogh, Gauguin, Renoir, and Matisse are today selected by the leading fashion shops and offered to the public surrounded with fine fabrics, gowns, and textiles as hints for color combinations in these materials. "Gauguin pink" is, or was not so long ago, quite the vogue in women's garments. Most small towns in America have a "modern" office building on their Main Street with severely unadorned façades excepting a strip or two of polished metal—often with awful results, not because of unsoundness in the idea but because discriminating artist-architects are rare in small towns, or for that matter, cities.

Experimentations

All these tendencies, as far as art is concerned, are merely continuations of ideas experimented with and first developed in modern painting and sculpture. One phase of modern painting, for example, is an interest in the texture surface of the painting in addition to the patterns and colors employed—with the result that actual sand or sometimes sawdust is mixed with the paint in one section of a picture to be contrasted with an adjacent area of paint worked with a palette knife to the smoothness of glass. This example is given here as one of many experimentations on the part of modern painters with textures and materials—an interest which, first starting in the artist's studio, later extended over into the worlds of commercial and industrial designing. Modern sculptors too have had their influence in this direction—contrasting use of materials in the polished brass, copper, wood, stone, or stainless steel surfaces of Brancusi's abstract sculpture set at times on a base of contrasting texture and material.

Examples of the influence of modern art on present-day life, as well as in the art galleries, can be multiplied ad infinitum.

(Continued on page 47)

MAXWELL SIMPSON (American)—"Figure in Green." This painting depends on its building up of angular forms, contrasted with interweaving, curved lines—the general movement being upwards. The emotional content is remote, austere, reminiscent of the archaic past. Objective, rather than subjective, in its presentation, it becomes symbolic of elemental things.



COURTESY OF MAXWELL SIMPSON

DIEGO RIVERA (Mexican)—"La Fiesta de las Flores." Rivera is generally known as a painter of murals. His compositions, often containing a great variety of material including innumerable human figures, are so finely organized that the result appears to be very simple. A master craftsman, working in many mediums, his is a creative imagination to such an extent that he must always be referred to as among the great artists of our time. The painting reproduced here is a kind of homage to flowers—all flowers in general. The emotional content is expressive of the reverence and tenderness which all flowers symbolize.



COURTESY OF THE MUSEUM OF MODERN ART

HOW TO USE THE REGIONAL TRADE BAROMETERS

L. D. H. WELD

Director of Research
McCann-Erickson, Inc.

THROUGH personal contact with officials of many companies, and through correspondence with others, there is increasing evidence that the Regional Trade Barometers, published monthly in DUN'S REVIEW, are being used more and more by industrial and marketing concerns. Business men naturally want to make comparisons between fluctuations in their own sales accomplishments in different parts of the country and changes in business conditions in the same parts of the country. More and more inquiries are coming in regarding methods of making such comparisons. The regional barometers published in DUN'S REVIEW are the only regional indexes available that make such comparisons possible.

Not only are the regional barometers valuable for comparison with sales in different parts of the country, but the

REVIEW Trade Barometer is a much better measure of flow of trade into retail channels and into consumers' hands, than most of the commonly used indexes. The reason for this is that most business indexes represent primarily industrial production.

This Index

Consumer buying power does not fluctuate with industrial production. For example, the Federal Reserve Board Index of industrial production in January, 1938, was 29.5 per cent below January, 1937. Department store sales were only 2.8 per cent below. The Trade Barometers are made up of bank debits, department store sales, new car sales, and life insurance sales. They fluctuate closely with total national income and spending power. Since they measure consuming buying power,

sales of an individual company is to compare the increase or decrease for one year over the year before, or for a single month as compared with the corresponding month of the year before. For example, on the yearly basis, the results might be pictured as in Chart 1. Here total company sales showed an increase of 10 per cent during the year in spite of a drop of 5 per cent in trade conditions (a satisfactory, but rare situation!).

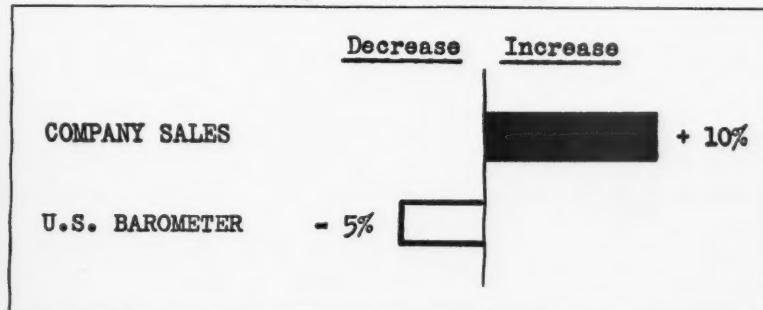
Better still, this same sort of comparison could be made on a monthly basis. A chart could be set up for all months in the year and the figures for each month could be inserted as they became available. The chart might be in the form of Chart 2, though other forms could be used.

In this case fictitious figures have been entered for only January, February, and March. Figures for additional months would be entered in the chart as the year progresses. This shows that company sales decreased less than general trade conditions in January, 1938, as compared with January, 1937. In February, sales registered more of a decline than trade conditions warranted, etc. This sort of comparison could also be put on a cumulative basis, instead of for individual months.

Seasonal Correction

Note that these comparisons are with the *year before*. Comparisons cannot be made with the preceding month, without adjustment for seasonal variation. For example, suppose you own a nation-wide chain of stores. In December, your sales showed a 20 per cent increase over November, but the trade index showed a decline of 5 per cent as compared with November. This means nothing in itself. Your increase in December was due to Christmas shopping, and occurred in spite of adverse business conditions. In other words, your increase was due to a regular seasonal uplift that happens every year. The trade barometer is "corrected" for seasonal variation, and your sales would have to be corrected

I. 1937 COMPARED WITH 1936



The easiest way for a company to use the Trade Barometers is to compare the sales increase or decrease for one year over the previous year in such a chart as this.

trade barometer for the country as a whole is valuable for comparison with a company's total United States sales. This is the simplest use that a company can make of the trade barometer. The important point is that the DUN'S

they are more applicable to companies that sell consumer goods than to those that market industrial goods to other manufacturers.

The easiest way to compare the United States Trade Barometer with

in the same way before you could make valid comparisons from month to month. Such correction will be commented on later.

The most important use that can be made of the regional barometers, however, is to compare company sales with them from month to month in each section of the country. To do this, we run immediately into a difficulty. Regional barometers are constructed for 29 regions into which the United States is divided. These regions have

bine the regional barometer areas in such a way as to match your own sales districts as nearly as possible.

For example, suppose that you have a sales district that covers all of New England, and upper New York (excluding New York City). You will have three of the trade barometer regions to combine,—Nos. 1, 3, and 4. See map on page 30 of this issue.

Now the question arises as to how to combine the barometers of these three regions. Obviously it would not

follows: 7.8, 2.6, and 1.9. To average the three regional barometers, each must be weighted with its importance as measured by retail sales. The procedure would be as follows:

| Region | Barometer | Per Cent | |
|--------|-----------|--------------|----------------|
| | | Retail Sales | Total Products |
| 1 | 78.7 | 7.8 | 613.86 |
| 3 | 89.8 | 2.6 | 233.48 |
| 4 | 81.5 | 1.9 | 154.85 |

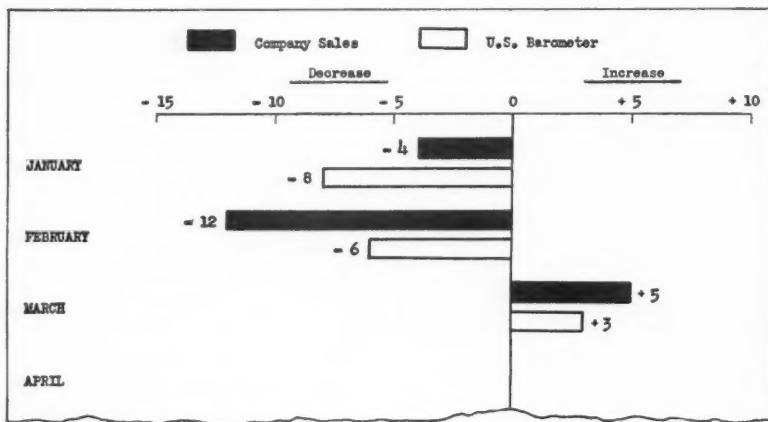
Total Weights 12.3 Total Products 1,002.19
 $1,002.19$ (total products) divided by 12.3 (total weights) = 81.5, which is the barometer for the three regions combined. (The fact that this tallies with the barometer for Region 4 is merely a coincidence.)

It should be pointed out that in matching territories, there will be many instances where there will be no such perfect fit as in the example cited above. In general, this is of little importance. For example, one of your sales territories may consist of the State of Pennsylvania. This embraces two barometer regions that would have to be combined, Philadelphia (No. 6), and Pittsburgh (No. 7). No error of importance would be involved, even though the Philadelphia area includes Southern New Jersey, and the Pittsburgh area includes West Virginia and the eastern edge of Ohio.

After the territories have been adjusted to each other, and the barometers have been worked out, the best and easiest way to make comparisons is to compute the percentage increases or decreases over the corresponding month of the year before, and to make up a new chart every month, showing the relationship. Chart 3 suggests how this monthly relationship can be shown. On the left are listed the names or numbers of the territories; bars indicate the gains or losses in sales as compared with the barometers.

It will be seen from this chart that sales in District 1, increased 10 per cent, while business conditions improved 15 per cent, as compared with the year before. In District 2, sales dropped off 8 per cent, though general business improved 5 per cent. And so on. The chart is only a sample (with fictitious figures), and should of course be extended to show results for all areas. This same sort of comparison can be

2. 1938 COMPARED WITH CORRESPONDING MONTH, 1937



This chart shows that as compared with the year before this company's sales decreased less in January than did trade generally, more in February than did trade, and so on.

been laid out in the form of natural trading areas as far as possible, with consideration, too, for the availability of data used in the construction of the barometers.

Combining Regions

But you will probably find that your own sales districts for which you have records do not coincide with the 29 regions covered by the barometers. If you have no sales districts, or want to revise your old ones, you may wish to use our regional breakdown. Some companies are already considering doing this. But you probably do not want to do this. Suppose that you have only 20 sales districts, whereas there are 29 different barometers. The only thing to do in this case is to com-

be accurate simply to average the three barometers, because these regions are of different importance. You must weight the indexes according to their relative business importance. The simplest way to do this is to weight them in accordance with total retail sales. This is one reason why Dun's REVIEW shows in every issue, alongside the chart on the second page of the section devoted to regional barometers, the percentages of total retail sales, from the 1935 Census of Business, in each of the regions for which barometers are furnished.

In the example cited above, the regional barometers for December, 1937, for Regions 1, 3, and 4, were 78.7, 89.8, and 81.5, respectively. The percentages of total retail trade were as

set up for a complete year (instead of by months) or on a cumulative basis.

If your company has divided the country into 40 or 50 sales districts for which you have sales figures, or a number in excess of the 29 regions for which barometers are furnished, you simply have to combine your own sales territories to obtain the nearest matching to the barometer regions, and add the sales of your combined regions together. No weighting of any kind is necessary.

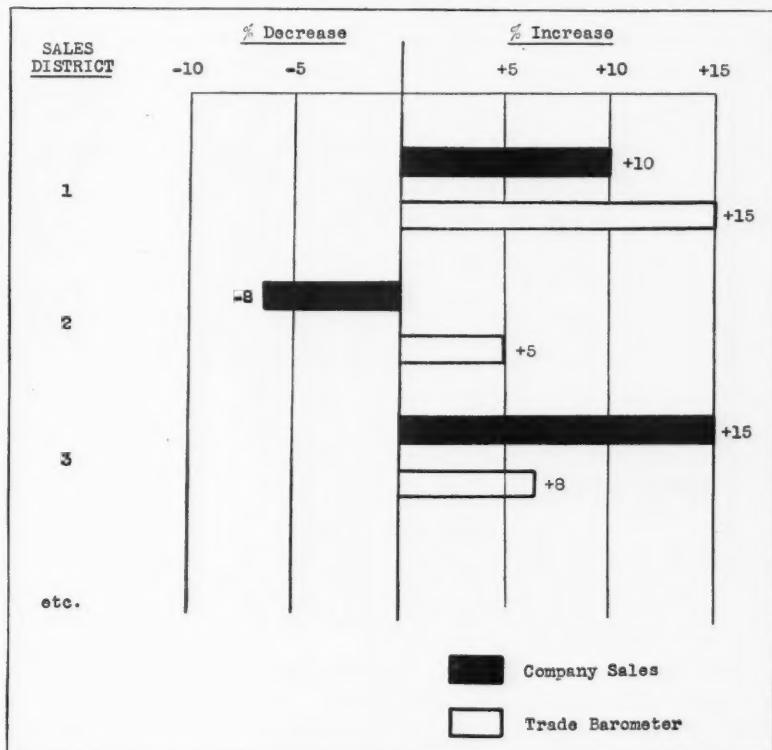
Month to Month

It will be noted that in the procedure described above, the comparisons have been with the corresponding period of the preceding year. But suppose that you want to make month-to-month comparisons of your sales with the regional barometers. This calls for more detailed statistical work, but is easily possible for a company that has a statistical department.

To make month-to-month comparisons, it is necessary to throw your own sales figures into the form of index numbers. This offers two main problems: first, the selection of a base period to call 100; and second, the correction of your own series for seasonal variation, a point referred to earlier.

The base period used in the Trade Barometers is the monthly average for the five years, 1928 to 1932, inclusive. The ideal way would be for you to compile your sales figures monthly back to the beginning of 1928, find the monthly average for 1928 through 1932, and express each monthly figure as a percentage of this base period. If your figures are not available for such a long period, a little experimentation will suggest a more recent base period which corresponds most closely to the five-year average described above. This base might be a single year, such as 1935, or an average of two or three recent years.

3. INCREASE OR DECREASE OVER YEAR BEFORE



The most important use of the regional barometers is to compare increases or decreases of a company's sales with them from month to month in each section of the country.

As for seasonal correction, an example will show the importance of this matter. Suppose that you have reduced your sales to a certain region to a series of index numbers, and you try to make

a comparison with the trade barometer for that region. The comparison for a single year might look as shown in Chart 4. You might think from looking at this chart that your sales had

been strong during the first half of the year as compared with business conditions during the same period, and weak during the last five months. But such a conclusion would probably be entirely erroneous, because your sales undoubtedly vary by seasons of the year, and mount to a high point in the Spring, regardless of conditions.

The technique for curing your sales figures for seasonal variation will not be described here. The Trade

This executive of the fictitious company whose sales are charted on these pages is now considering practical uses of the comparisons.



Barometers are all corrected for seasonal variation by what is called the "ratio to moving average" method. A description of this method may be found in standard books on statistics. You can get a practical working basis for application of this method if your monthly sales series runs back three or four years. Standard statistical practice calls for a longer period.

The regional barometers are also corrected for length of the month,—that is, the number of working days in each month. This is another refinement that can be added to set up valid month-to-month comparisons. The results can be put in graphic form, comparing the monthly sales index for each region with the trade barometer, in the same form as the regional charts in *DUN'S REVIEW* in which each regional barometer is compared with the United States Barometer (see pages 32-35).

Relationships

A word of warning: in comparing your own sales with the regional barometers, you must take into account the general relationship that your sales bear to changes in business conditions. Some industries are seriously affected by business conditions. Sales of automobiles and other expensive durable consumers' goods, fall off very rapidly

when business conditions recede. The sales of other articles, such as certain foods and other necessities, are affected much less by business changes. Comparisons with the trade barometers will show how much your sales are affected by changes in buying conditions.

Practical Uses

After you have made the comparisons suggested in this paper, the question still remains as to how the results can be applied to the practical problems of your business. We cannot give specific instructions on this point in this article. In fact, application must be left largely to the ingenuity of your sales executives. But here are two suggestions.

Discovering and curing weak spots: You find that in four or five districts your sales have been running well below the trade barometers, whereas in others you are in line with, or better than their trade indexes. You single out the four or five weak districts, and analyze the situation in each. You may find it is a question of efficiency of branch manager or salesmen, or that competition is particularly severe, or that prices are out of line. The correction may be found in changing personnel, putting on additional salesmen, changing salesmen's territories, or

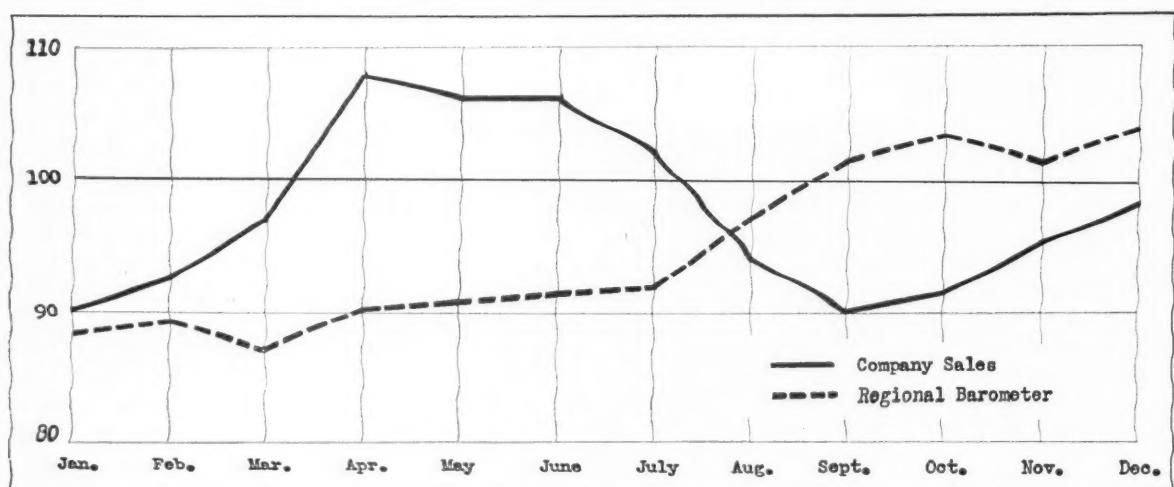
application of more advertising, or change in advertising media. (If you have scientific sales potentials worked out for your sales territories, this will also help you.)

Adjustment of Quotas: If you have established sales quotas by sales districts or individual territories, you may want to adjust these quotas from time to time,—perhaps quarterly. During the recession that began last year, the barometers for certain territories in the East and North, have fallen off badly. In certain territories in the South, they have held up well. Certainly, the figures to date would suggest a scaling down of 1938 quotas in New England and New York, for example, whereas they might be maintained in Texas.

Cost Is Slight

There are other uses that the marketer can discover when he gets into these comparisons. Although there is great emphasis today on the need of studying and analyzing sales problems and territorial markets, there is very little really scientific work being done by most of our business houses that have national distribution. The cost of the sort of analysis outlined in this paper is really very slight as compared with the benefits that might accrue from increases in profits or reduction of losses.

4. REGIONAL BAROMETER COMPARED WITH UNCORRECTED SALES SERIES



THE BUSINESS DIARY FEBRUARY • 1938



Housing and agriculture legislation passed, and tax program moves on. . . . Small business conference steals headlines from Congress. . . . As Hitler consolidates his position and Austria becomes storm-center, pro and anti-Nazi alignments disturb foreign affairs.

1 U. S. STEEL announces that it will complete expansion program by means of bank loans.

2 "SMALL" business conference meets in tumultuous session, Department of Commerce auspices. Cummings announces new oil trust suit; warns milk industry investigation imminent.

4 NEW HOUSING ACT becomes effective. Hitler assumes command of Reich army and control of foreign policy.

5 UNITED STATES, Great Britain, and France send Japan notes asking for data on new warships by February 20; want 35,000-ton treaty limit maintained.

8 HULL denies secret foreign alliances for joint action abroad.

9 PRESIDENT names Adolf A. Berle, Jr., as Assistant Secretary of State. U. S. Steel extends labor agreement contract with CIO indefinitely. Senator Bulkley introduces bill for ten transcontinental super-highways.

10 PRESIDENT asks Congress for additional \$250,000,000 appropriation to finance relief needs till June 30.

12 JAPAN declines to reveal naval data.

14 TREASURY revises gold sterilization program releasing up to \$100,000,000 gold quarterly, retroactive to January 1. Supreme Court upholds State curb on size and weight of trucks.

15 PRESIDENT discusses too-low prices, ordering survey to decide proper level. Austrian Government reorganized with pro-Nazis in key cabinet posts.

16 \$440,000,000 Agricultural Adjustment Act signed. Joseph P. Kennedy, Maritime Commission Chairman, urges mediation law to curb ship labor disputes.

17 BUSINESS ADVISORY COUNCIL urges revision of National Labor Relations Act to prohibit "coercion."

18 PRESIDENT discusses "unbalanced" prices; authorizes resumption of RFC loans. Rear Admiral Emory S. Land named as Maritime Commission Chairman.

20 HITLER demands right of self-determination for 10,000,000 Germans in Austria and Czechoslovakia; Eden resigns in crisis over British foreign policy. King Carol issues Fascist constitution for Rumania.

21 SENATE abandons Anti-Lynching Bill, ending thirty-day filibuster. British experts arrive to negotiate Anglo-American reciprocal trade accord. Labor candidates trail in Seattle mayoralty primary.

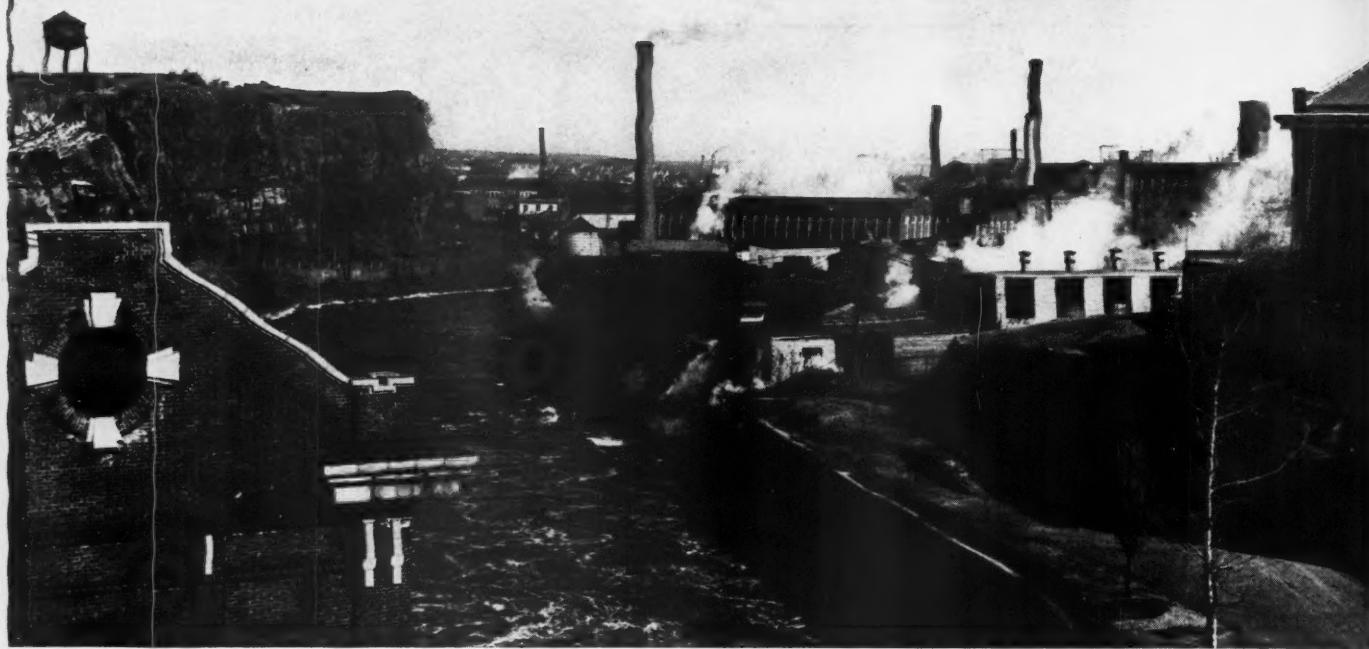
22 CHAMBERLAIN wins confidence vote in Commons; repudiates League. Teruel retaken by Spanish insurgents.

23 NBCC revokes minimum price schedule for soft coal industry, effective February 26. Hungary proposes war debt settlement.

24 CHANCELLOR SCHUSCHNIGG emphasizes Austrian independence in defiant speech.

25 PENNSYLVANIA Democrats ratify Earle-Jones slate for primary election, ignoring John L. Lewis candidate. General Motors orders pay cuts of 10 per cent or more for all salaried employees and officials.

28 SUPREME COURT upholds power of NLRB to order disestablishment of company unions.



THE TREND OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

Statistical measures reveal a lengthening of the sideways movement in industry, a more pronounced decline in consumer buying, and a downturn in foreign business. Financial markets show little change in trend. The general index of wholesale prices evidences a firmer tone; retail prices continue lower, offsetting part of the loss in consumer incomes.

NO change in the economic picture significant enough to indicate a turn in trend was apparent during February and early March. Against the seasonal advances in consumer goods industries must be placed the extended lull in capital goods, the downward drift of such important indexes of general activity as imports, electric power output, and freight loadings.

Industrial Production

Federal Reserve Board Adjusted Index
1923-1925 = 100

| | 1935 | 1936 | 1937 | 1938 |
|-----------|------|------|------|------|
| January | 90 | 97 | 114 | 81 |
| February | 90 | 94 | 116 | 79* |
| March | 88 | 93 | 118 | |
| April | 86 | 101 | 118 | |
| May | 85 | 101 | 118 | |
| June | 87 | 104 | 114 | |
| July | 86 | 108 | 114 | |
| August | 88 | 108 | 117 | |
| September | 91 | 109 | 111 | |
| October | 95 | 110 | 103 | |
| November | 96 | 114 | 89 | |
| December | 101 | 121 | 84 | |

* Estimated.

Threatening developments in the foreign political situation caused some reaction in financial markets and resulted in a heavy gold influx, but appeared to exert only minor influence on prices of typical "war commodities."

The general index of production showed little change, a levelling-off having occurred at a point about 30 per cent below last Spring. Heavy industry remained stagnant, but probably in a more healthy condition if only because of the inevitable reduction of stocks, both in its own and its customers' hands, at the present level of activity.

Steel operations averaged 31.7 per cent of capacity during February compared with 29.1 in January. Early March bookings were said to be somewhat more diversified, but still small

and on a basis of prompt delivery. In steel's three important customers, the building, automobile, and railroad industries—whose revival has at times pulled the nation out of depression—there were only isolated suggestions of improvement.

Residential building contracts moved up 10 per cent from January to February, the first reversal of the sharp decline which began last June, but compared with February a year ago residential awards were down 46 per cent, all construction 37 per cent. Preliminary reports of response to National Used Car Week indicated considerable progress in reducing stocks, but new car orders apparently justified no material advance in schedules and weekly output remained about half that of the same period last year.

The rate increase granted the railroads, estimated to yield about \$270,-

Factory Payrolls

U.S.B.L.S. Index
1923-1925 = 100

| | 1935 | 1936 | 1937 | 1938 |
|-----------|------|------|-------|------|
| January | 65.0 | 73.8 | 90.7 | 71.1 |
| February | 70.0 | 73.7 | 95.8 | |
| March | 71.7 | 77.6 | 101.1 | |
| April | 71.7 | 79.3 | 104.9 | |
| May | 69.4 | 80.8 | 105.2 | |
| June | 67.4 | 81.1 | 102.9 | |
| July | 66.5 | 80.2 | 100.4 | |
| August | 71.0 | 83.5 | 103.8 | |
| September | 73.7 | 83.6 | 100.1 | |
| October | 76.4 | 80.0 | 100.1 | |
| November | 75.6 | 90.7 | 89.5 | |
| December | 77.6 | 95.2 | 80.9 | |

000,000, was not considered sufficient to cover the current decline in revenue and rise in expenses, and officials proceeded to discuss possibilities of operating economies through reorganization or consolidation.

Seasonal gains in non-durable lines made the picture there somewhat more cheerful. Indexes of textile consumption—cotton, silk, and rayon—were higher in February after seasonal adjustments. Boot and shoe production advanced for the third month. Activity in meat packing lines was greater and prices more favorable.

Although more pronounced declines were evident in retail purchasing (pages 30 and 31), current volume indicates that goods are still moving into consumption channels faster than they are being produced. Measured by the Federal Reserve Board adjusted indexes, industrial production dropped off 33 per cent from its peak in August to the February level, while department store sales over the same period declined only 4 per cent, and all consumer buy-

rents, and royalties, according to the Department's estimates.

Dividends declared were slightly higher in February than January, but the number of reductions and omissions by companies usually declaring them at that time was the largest since July, 1935. Payrolls also moved up in February, benefiting by the seasonal advances in some industries. The increase in the USBLIS index was 2.7 per cent, about one-half the usual rise for this month. Statistics on wage rates for February are not available as this goes to print, but it is interesting to note that the NICB figures for factory hourly earnings fell from a 1937 high of 71.7 in November to 71.0 in January.

Wholesale Commodity Prices

| Week | U.S.B.L.S. Index—1926 = 100 | | | |
|------|-----------------------------|--------------|--------------|--------------|
| | Dec. 1937 | Jan. 1938 | Feb. 1938 | Mar. 1938 |
| I | 82.0 | 81.0 | 80.1 | 79.8 |
| II | 81.9 | 80.8 | 79.6 | 79.8 |
| III | 81.5 | 81.0 | 79.4 | |
| IV | 81.2 | 80.8 | 79.6 | |
| V | 80.3 | | | |

Declining retail prices make the drop in purchasing power less severe than the decrease in incomes. According to the Fairchild index, retail prices have been going down since August, falling 6 per cent in six months. The NICB cost of living index has dropped about 3 per cent in the last four months.

Latest data on business abroad indicate a less favorable outlook for sustained demand from European countries. War scares and the burden of huge armament programs, combined with our own depression, have unsettled financial markets and seriously reduced new private investment.

Imports declined again in February, the total drop from a year ago amounting to 41 per cent. Export volume was still 13 per cent above last year, but fell off 9 per cent from January. Foreign orders for machine tools decreased so sharply in January and February that the index lost all the gain of a year and a half in two months. The gold value of all world trade in January,

according to the League of Nations, was 11 per cent under that of December.

Announcement of a reciprocal trade pact with Czechoslovakia was for American exporters one of the few bright spots in the foreign outlook. In return for tariff benefits granted on approximately 55 per cent of our imports from Czechoslovakia, the United

Industrial Stock Prices

| Week | Dow-Jones Index (Weekly Average) | | | |
|------|----------------------------------|--------------|--------------|--------------|
| | Dec. 1937 | Jan. 1938 | Feb. 1938 | Mar. 1938 |
| I | 124.61 | 120.99 | 121.80 | 128.86 |
| II | 127.67 | 126.31 | 124.48 | 124.35 |
| III | 124.65 | 133.15 | 126.20 | 122.44 |
| IV | 128.52 | 131.19 | 131.12 | |
| V | | 123.97 | | |

States is granted benefits on 77 per cent of its exports to Czechoslovakia.

In the absence of any drastic changes in domestic business, financial markets remained lifeless during the month of February. The number of shares turned over on the Stock Exchange was the smallest since February, 1935; bond trading for the month the smallest in twenty years.

Some reaction in prices was evident after an advance in the first three weeks of February, but the general consensus was that the market gave a fairly good account of itself, considering the nature of some of the news with which it had to contend. Besides the continued dullness in industry and trade and its reflection in earnings statements, traders were forced to face disturbing foreign reports, a disappointing decision on railroad rates, and the failure of a member of the Exchange.

Speculative commodities also were influenced by these developments. Liquidation in the wheat market was furthered by reports of good crops, in the cotton market, by unfavorable trends in the world's spinning industry. Yet farm products as a group appeared to move up steadily during the latter part of February and early March. With foods, they stimulated a slight rise in the commodity price index of the U. S. Bureau of Labor Statistics.

Department Store Sales

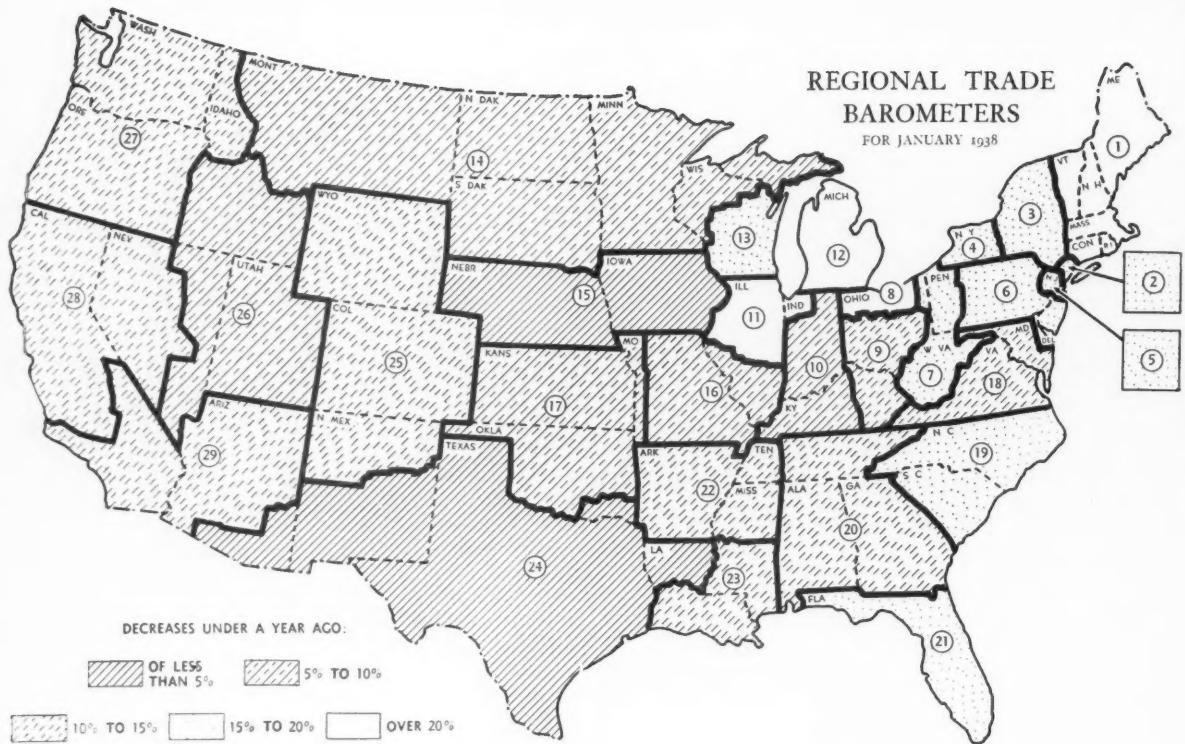
Federal Reserve Board Adjusted Index
1923-1925 = 100

| | 1935 | 1936 | 1937 | 1938 |
|-----------|------|------|------|------|
| January | 76 | 81 | 93 | 90 |
| February | 77 | 81 | 93 | 88* |
| March | 79 | 84 | 93 | |
| April | 75 | 84 | 93 | |
| May | 74 | 87 | 93 | |
| June | 79 | 87 | 93 | |
| July | 80 | 91 | 94 | |
| August | 77 | 86 | 92 | |
| September | 81 | 88 | 94 | |
| October | 78 | 90 | 93 | |
| November | 82 | 94 | 91 | |
| December | 83 | 92 | 89 | |

* Preliminary.

ing, according to the DUN'S REVIEW Trade Barometer, only 16 per cent.

Despite the sharp drop in industrial payrolls, consumer income appears to have been fairly well sustained up to the present. The Commerce Department's monthly estimate of income payments put the February total at \$4,850,000,000, approximately 5 per cent below the same month last year. A reserve of trade profits was the means of cushioning the drop in wages, the decrease in "compensation of employees" being partly balanced by a sustained volume of dividends, interest,



SHARPER DROP IN TRADE VOLUME

Declines in consumer spending have carried the United States Trade Barometer to the lowest point since October, 1935. The Trade Barometers for the United States and 29 regions are prepared by L. D. H. Weld, Director of Research of McCann-Erickson, Inc.

ACCELERATION in the rate of decline of consumer spending was evident during the first two months of 1938. The Trade Barometer for the United States, which is corrected for both seasonal factors and number of days, moved down from 92.3 in November to 91.2 in December; in January fell to 84.8 and in February to 80.6.

Despite the fact that these months last year also registered some decline (the fall in the Barometer between December, 1936, and February, 1937, amounting to 4.5 per cent) the decrease this year was sharp enough to widen the year-to-year comparison each month. In December the index was 10.4 per cent below the corresponding month of the previous year, in January 15.2 per cent, and in February 17.1 per cent.

The map at the top of the page illustrates the regional pattern of change. In January, the latest month for which regional indexes are available, there was no trading area with volume of purchasing equal to the preceding year.

Texas, the highest region in the country, was merely fractionally below its January, 1937, level, but there were in all only seven regions out of twenty-nine which had decreases of less than 10 per cent.

Significant for current trend are the changes apparent in the figures over periods of consecutive months. Variations in the price level influence the indexes and should be allowed for, but of course declining prices cannot alone account for the present slump in dollar volume.

From November to December eleven regional indexes advanced more than seasonally, from December to January only four moved upward. The acceleration downward is even more evident when the widening decreases in the other regions are taken into consideration. As revealed in the general barometer, these resulted in a decline of 1.2 per cent from November to December, of 7.0 per cent in January, and of 5.0 per cent in February.

In general the northern industrial areas continued to suffer most from curtailment in spending. Most spectacular have been the declines in the steel and automobile manufacturing centers: in three months the Cleveland index fell 22 per cent, that for Cincinnati and Columbus 16 per cent, and that for Detroit 28 per cent.

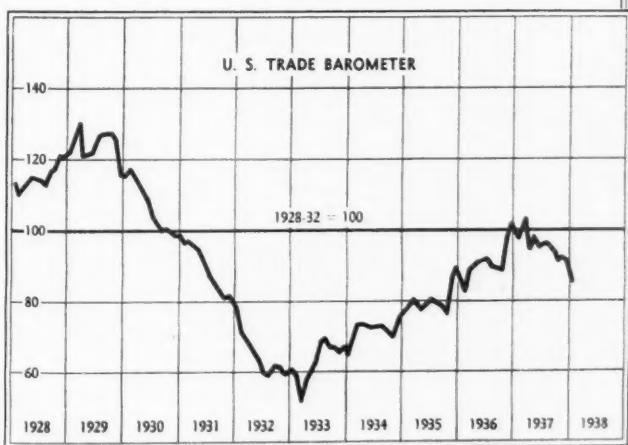
In recent reports from DUN & BRADSTREET offices there was little indication of a revival of consumer demand. In some cities seasonal expansion of industry during February and the first part of March enlarged payrolls, but in the majority no change for either better or worse was evident. In addition to the lower level of consumer purchasing power it was pointed out that trade does not have the rising prices and early Easter which were stimulating volume at this period last year. Retailers therefore continue cautious in their ordering, largely confining their interest to goods suitable for special sales.

THE MAP AND TABLE compare the January, 1938, indexes with those for the same month a year ago. In the column at the extreme right of the table there is indicated the relative importance of the regions: the figures are percentages of national retail trade from the 1935 Census of Business.

THE INDEXES for the regions (charted, with U. S., from 1928, on pages 32-35; 1937 and January, 1938, figures on page 32) are composites based on: bank debits (Federal Reserve Board), department store sales (Federal Reserve Board), new car registrations (R. L. Polk & Company), and life insurance sales (Life Insurance Sales Research Bureau). In regions 2, 3, 4, 5, and 14, wholesale sales (Department of Commerce), and in region 2, advertising lineage (*Editor and Publisher*), which were found to make those indexes more accurate, are included. In region 15, department store sales have been omitted. Each index is separately adjusted for seasonal variation and for the number of business days in each month. All are comparable. The monthly average for the five years 1928-1932 equals 100.

THE PARAGRAPHS printed opposite the 29 regional charts quote figures for January based on samples of department and retail stores reporting to the Federal Reserve banks; for February and the first half of March based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices in making up their estimates.

* BEGINNING with the January, 1938, figures, the U. S. Department of Commerce collected wholesale trade volume statistics previously compiled by the Federal Reserve Board. The five regional indexes in which these sales figures are included are slightly affected by the change of basis.



REGIONAL TRADE BAROMETERS

| REGION | January 1938 Regional Index | January 1938 Compared with January 1937 (%) | Retail 1935 Sales % | | | | |
|---------------------------------|--------------------------------|---|------------------------------|-----|-----|-------|-------|
| | | | -30 | -20 | -10 | 0 | +10 |
| U. S. | 84.8 | | | | | -15.2 | 100.0 |
| 1. NEW ENGLAND | 76.0 | | | | | -21.5 | 7.8 |
| 2. NEW YORK CITY | 73.5 | | | | | -19.6 | 10.3 |
| 3. ALBANY AND SYRACUSE | 85.9 | | | | | -15.4 | 2.6 |
| 4. BUFFALO AND ROCHESTER | 78.0 | | | | | -18.5 | 1.9 |
| 5. NORTHERN NEW JERSEY | 75.3 | | | | | -17.0 | 2.9 |
| 6. PHILADELPHIA | 76.1 | | | | | -16.2 | 6.2 |
| 7. PITTSBURGH | 80.7 | | | | | -18.6 | 3.7 |
| 8. CLEVELAND | 78.5 | | | | | -22.3 | 2.9 |
| 9. CINCINNATI AND COLUMBUS | 90.8 | | | | | -10.2 | 3.1 |
| 10. INDIANAPOLIS AND LOUISVILLE | 92.9 | | | | | -8.7 | 2.6 |
| 11. CHICAGO | 89.1 | | | | | -20.6 | 6.4 |
| 12. DETROIT | 76.9 | | | | | -26.3 | 4.0 |
| 13. MILWAUKEE | 92.8 | | | | | -16.5 | 2.2 |
| 14. MINNEAPOLIS AND ST. PAUL | 93.8 | | | | | -7.6 | 4.5 |
| 15. IOWA AND NEBRASKA | 86.9 | | | | | -1.8 | 3.0 |
| 16. ST. LOUIS | 90.8 | | | | | -8.3 | 2.5 |
| 17. KANSAS CITY | 95.7 | | | | | -7.6 | 3.6 |
| 18. MARYLAND AND VIRGINIA | 95.6 | | | | | -11.8 | 3.8 |
| 19. NORTH AND SOUTH CAROLINA | 99.1 | | | | | -17.8 | 2.1 |
| 20. ATLANTA AND BIRMINGHAM | 99.6 | | | | | -13.9 | 3.5 |
| 21. FLORIDA | 99.5 | | | | | -18.2 | 1.3 |
| 22. MEMPHIS | 89.1 | | | | | -10.5 | 1.5 |
| 23. NEW ORLEANS | 92.7 | | | | | -10.2 | 1.0 |
| 24. TEXAS | 115.8 | | | | | -0.1 | 4.5 |
| 25. DENVER | 97.5 | | | | | -13.6 | 1.3 |
| 26. SALT LAKE CITY | 89.2 | | | | | -9.1 | .8 |
| 27. PORTLAND AND SEATTLE | 83.7 | | | | | -11.5 | 2.7 |
| 28. SAN FRANCISCO | 88.3 | | | | | -11.6 | 3.4 |
| 29. LOS ANGELES | 87.4 | | | | | -13.6 | 3.9 |

| REGION | TRADE | BAROMETERS | | | | | | | | | | | | REGIONS | 1 - 5 |
|---------------------|-------|------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------|-------|
| REGION | U. S. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| January | 100.0 | 96.8 | 91.4 | 101.5 | 95.7 | 90.7 | 90.8 | 99.2 | 101.0 | 101.1 | 101.7 | 112.2 | 104.4 | 111.2 | 101.5 |
| February | 97.2 | 94.8 | 88.8 | 96.2 | 91.2 | 91.6 | 89.3 | 100.8 | 103.9 | 110.2 | 99.3 | 103.8 | 102.4 | 106.1 | 99.7 |
| March | 103.2 | 94.5 | 87.0 | 97.0 | 91.8 | 93.2 | 99.5 | 105.8 | 109.4 | 114.3 | 120.5 | 109.6 | 101.3 | 110.5 | 100.0 |
| April | 94.7 | 85.3 | 83.3 | 92.4 | 85.7 | 87.2 | 80.9 | 99.4 | 100.5 | 103.5 | 111.9 | 98.0 | 97.0 | 106.7 | 102.5 |
| May | 98.6 | 88.9 | 86.1 | 97.1 | 80.2 | 92.6 | 99.5 | 102.4 | 108.0 | 109.9 | 109.7 | 100.9 | 105.8 | 105.7 | 101.0 |
| June | 95.1 | 85.6 | 83.5 | 93.7 | 84.9 | 82.4 | 91.4 | 97.9 | 103.6 | 105.3 | 107.8 | 97.3 | 103.6 | 99.7 | 95.8 |
| July | 95.2 | 83.7 | 86.8 | 97.2 | 80.5 | 90.1 | 91.0 | 97.3 | 104.4 | 107.8 | 116.9 | 97.4 | 115.5 | 99.4 | 101.4 |
| August | 96.3 | 80.0 | 86.2 | 96.3 | 80.5 | 91.0 | 93.3 | 104.2 | 105.8 | 111.1 | 113.0 | 96.0 | 108.9 | 99.6 | 98.9 |
| September | 93.8 | 81.4 | 84.2 | 95.2 | 85.7 | 87.6 | 88.3 | 99.7 | 104.0 | 110.1 | 109.3 | 91.9 | 110.3 | 100.0 | 100.3 |
| October | 90.6 | 77.3 | 78.9 | 92.1 | 81.2 | 83.2 | 83.3 | 92.8 | 101.2 | 108.0 | 105.1 | 87.8 | 107.1 | 99.3 | 99.0 |
| November | 92.3 | 80.8 | 78.7 | 92.0 | 82.6 | 82.7 | 86.5 | 90.5 | 87.6 | 98.4 | 103.1 | 90.3 | 92.0 | 98.1 | 98.7 |
| December | 91.2 | 78.7 | 79.5 | 89.8 | 81.5 | 81.2 | 85.3 | 93.5 | 85.3 | 95.3 | 100.7 | 92.3 | 85.9 | 97.6 | 93.0 |
| January | 84.8 | 76.0 | 73.5 | 85.9 | 78.0 | 75.3 | 76.1 | 80.7 | 78.5 | 90.8 | 92.9 | 89.1 | 76.9 | 92.8 | 93.8 |
| REGION | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| January | 88.5 | 99.0 | 103.6 | 108.4 | 120.5 | 115.7 | 121.6 | 99.5 | 103.2 | 115.9 | 112.0 | 98.1 | 94.6 | 99.9 | 101.1 |
| February | 84.4 | 94.9 | 99.1 | 105.0 | 109.0 | 114.0 | 115.3 | 93.5 | 90.2 | 111.4 | 118.2 | 102.4 | 94.3 | 100.2 | 102.0 |
| March | 83.2 | 92.7 | 100.5 | 100.6 | 113.0 | 117.5 | 115.0 | 103.0 | 111.8 | 116.6 | 105.6 | 105.5 | 98.7 | 103.1 | 103.0 |
| April | 87.6 | 94.6 | 97.4 | 105.6 | 103.5 | 108.2 | 120.5 | 98.7 | 97.3 | 111.7 | 113.6 | 101.3 | 99.0 | 99.1 | 103.0 |
| May | 82.8 | 97.2 | 102.0 | 100.9 | 116.0 | 112.7 | 114.9 | 96.7 | 101.4 | 116.5 | 116.8 | 106.9 | 99.3 | 101.7 | 97.9 |
| June | 84.7 | 91.9 | 98.0 | 108.0 | 111.7 | 111.3 | 120.5 | 96.2 | 98.4 | 113.0 | 107.5 | 103.9 | 105.1 | 97.6 | 99.1 |
| July | 88.2 | 99.0 | 102.3 | 106.6 | 107.0 | 110.4 | 108.0 | 92.6 | 95.9 | 117.5 | 112.7 | 100.5 | 97.9 | 100.0 | 100.0 |
| August | 85.1 | 90.8 | 102.6 | 105.5 | 107.8 | 112.1 | 120.4 | 96.0 | 106.1 | 119.6 | 111.4 | 106.4 | 99.6 | 101.9 | 100.8 |
| September | 88.4 | 90.3 | 97.1 | 108.1 | 110.5 | 109.6 | 114.7 | 98.3 | 104.4 | 115.0 | 108.3 | 100.4 | 96.1 | 95.7 | 94.1 |
| October | 78.5 | 97.2 | 92.7 | 102.8 | 100.4 | 101.5 | 118.8 | 94.3 | 95.4 | 106.9 | 110.1 | 99.8 | 91.6 | 93.8 | 95.6 |
| November | 76.4 | 90.3 | 92.5 | 105.2 | 95.9 | 101.6 | 112.1 | 86.9 | 95.5 | 110.0 | 107.7 | 97.3 | 90.3 | 100.6 | 99.4 |
| December | 81.4 | 90.0 | 98.4 | 105.0 | 103.6 | 109.5 | 110.3 | 94.3 | 105.0 | 114.7 | 105.0 | 98.6 | 87.6 | 97.0 | 94.2 |
| January | 86.9 | 90.8 | 95.7 | 95.6 | 99.1 | 99.6 | 99.5 | 89.1 | 92.7 | 115.8 | 97.5 | 89.2 | 83.7 | 88.3 | 87.4 |

NOTE: A brief explanation of the construction of the index numbers may be found on page 29. Readers who use the folder containing indexes from 1928 through 1936 can add to it this compilation of monthly figures for 1937.

I. NEW ENGLAND

JAN., 76.0 DEC., 78.7 JAN. 1937, 96.8
JANUARY—Percentage department store sales decreases from previous January: Boston 3, New Haven 1, Providence 15. FEBRUARY—Percentage retail trade decreases from last February: Bangor 2, Portland 25, Boston 5, Springfield 18, Worcester 9, Providence 7, Hartford 20, New Haven 10; Manchester trade up 3%. Wholesale trade decreases: Portland 15, Boston 10, Springfield 15. Payrolls and production below last year. Less-than-seasonal rise in shoe output; wool steady; cottons expanding from a low point. MARCH—Retailers continue to stress advertising and special sales to stimulate buying; volume irregularly lower. Shoe and leather outlook improved; output of women's novelty shoes highest of season.

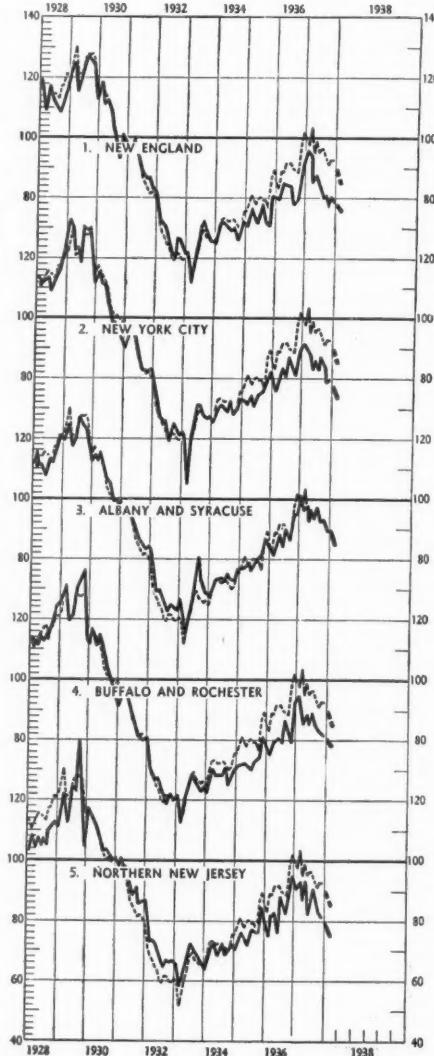
3. ALBANY AND SYRACUSE

JAN., 85.9* DEC., 89.8 JAN. 1937, 101.5
JANUARY—Percentage department store sales changes from previous January: Syracuse —1, Niagara +23. FEBRUARY—Percentage retail trade decreases from previous February: Albany 15, Binghamton 12, Gloversville 7, Utica 8, Syracuse 15. Showing of Spring merchandise delayed by extended Winter weather. Wholesale trade decreases: Albany 10, Syracuse 15. Payrolls and production below last year. Small pick-up in textile output, but buying is cautious and mill stocks heavy. Shoe factories still on two and three-day schedules; salary cut announced. Collections steady in Albany; slower than last year and last month elsewhere. MARCH—Little change in industrial conditions. Trade stimulated by sales. *See note p. 29.

5. NORTHERN NEW JERSEY

JAN., 75.3* DEC., 81.2 JAN. 1937, 90.7
JANUARY—Northern New Jersey department store sales 6% below previous January. FEBRUARY—Newark retail trade 12% below last February, unchanged from January; wholesale trade 2% higher than year ago, 5% above January. Bank clearings 12% under last year in Newark, off 33% in North-
(Continued directly opposite)

—Regional ---U. S. Corrected for Seasonal Variation. 1928-32=100



2. NEW YORK CITY

JAN., 73.5* DEC., 79.5 JAN. 1937, 91.4
JANUARY—Percentage department store sales changes from previous January: New York City —4, Bridgeport —2, Westchester-Stamford +10. FEBRUARY—Percentage retail trade decreases from previous February: Bridgeport 5, New York and Brooklyn department store sales 5, New York City hotel sales 4, parcel deliveries 2. Bank clearings 31% below year ago in New York City, off 2% in Westchester County. New York City employment 2%, payrolls 6% above January level; increases largely the result of seasonal expansion in clothing and millinery factories. MARCH—Wholesale orders slow; lag of retail sales giving no basis for widening purchases. All retail lines affected. Dullness partly attributed to rainy weather. *See note p. 29.

4. BUFFALO AND ROCHESTER

JAN., 78.0* DEC., 81.5 JAN. 1937, 95.7
JANUARY—Percentage department store sales changes from previous January: Buffalo —11, Rochester +3. FEBRUARY—Percentage retail trade decreases from previous February: Buffalo-Jamestown-Elmira 10, Rochester 6. Buffalo wholesale trade down 10%. Production under last year; below previous month in Buffalo and Elmira; leveling off evident in Jamestown and Rochester. Buffalo employment off 3%, payrolls 6%; Rochester employment and payrolls 4% below January. Collections slower than last year. MARCH—Buffalo retail sales somewhat lower than last February weeks. Dearth of new steel orders; slight curtailment in production. Activity resumed in cement trade after Winter shutdown. *See note p. 29.

ern New Jersey. Payrolls and production lower than last year's level. Value of building permits in Newark 72% above year ago. Collections faster except in manufacturing lines, where they are somewhat slower than last year. MARCH—Newark department store volume lower than preceding weeks, estimated 18% below year ago. Industrial activity fairly steady; payrolls somewhat lower than February level. *See note p. 29.

6. PHILADELPHIA

JAN., 76.1 DEC., 85.3 JAN. 1937, 90.8†
 JANUARY—Percentage department store sales decreases from previous January: Trenton 11, Philadelphia 6, Reading 14, Scranton 6; Wilmington up 4%. FEBRUARY—Percentage retail trade decreases from previous February: Trenton 4, Allentown 20, Philadelphia 6, Wilkes-Barre 10, Harrisburg-Lancaster-Scranton-Wilmington 5, Williamsport 20, York 4, Johnstown 15. Philadelphia wholesale trade down 19%. Payrolls and production lower than year ago except in coal-mining areas. Collections steady to slower. MARCH—Philadelphia 2% sales tax in effect first of month; department store sales approximately 20% lower than last year. Hosiery workers back to jobs after strike protesting wage cuts. Industry levelling off. †Revised.

8. CLEVELAND

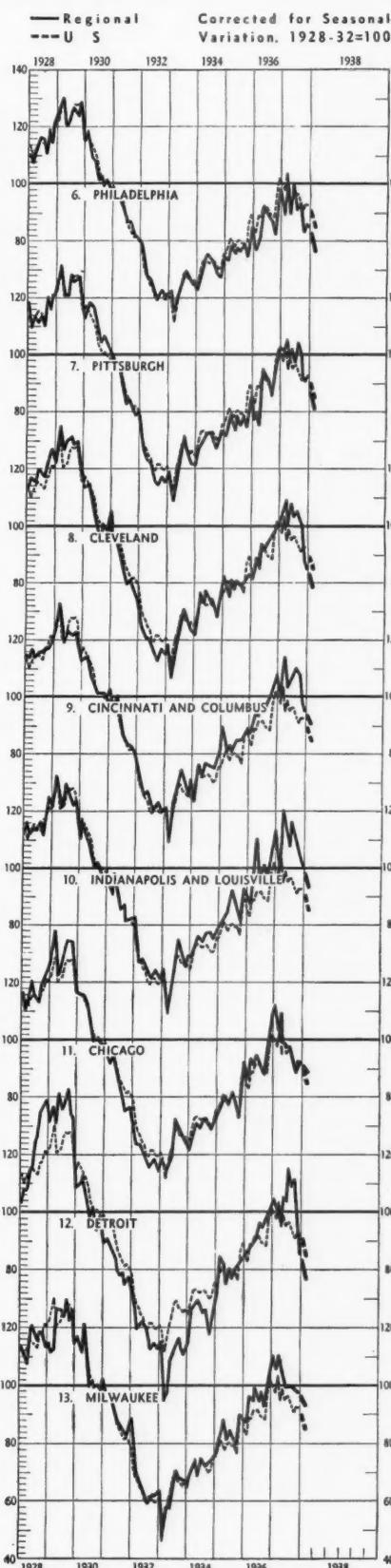
JAN., 78.5 DEC., 85.3 JAN. 1937, 101.0
 JANUARY—Percentage department store sales decreases from previous January: Cleveland 10, Akron 20, Toledo 13. FEBRUARY—Percentage retail trade decreases from previous February: Cleveland 12, Akron 24, Canton 40, Lima 15, Toledo 30. Wholesale trade decreases: Cleveland 15, Akron 14, Toledo 20. Payrolls and production under last year; generally unchanged from last month. Employment in Toledo glass plants about 50% lower than in same period of 1937. Collections slower than year ago; unchanged from January. MARCH—Continued dullness in steel and automotive lines. Toledo department store sales about 25% under same period of 1937; no appreciable change in Cleveland retail lines. Collections fair to steady.

10. INDIANAPOLIS AND LOUISVILLE

JAN., 92.9 DEC., 100.7 JAN. 1937, 101.7
 JANUARY—Percentage department store sales increases from previous January: Louisville 51, Indianapolis 2. FEBRUARY—Retail trade 10% under previous February in all reporting cities; unchanged from January level in Terre Haute and Indianapolis; lower elsewhere. Wholesale trade decreases: Louisville 15, Indianapolis 20. Payrolls and production below year ago. Volume in Louisville paint industry off 20%, metal products 25% below last year. Collections slower than year ago except in Louisville, where all but retail are fairly steady. MARCH—Retail sales in Indianapolis and Louisville 5 to 10% under corresponding period of last year; rural territories slightly higher. Narrower margin of decrease below year ago in wholesale trade.

12. DETROIT

JAN., 76.9 DEC., 85.9 JAN. 1937, 104.4
 JANUARY—Detroit department store sales 17% under previous January. FEBRUARY—Percentage retail trade changes from previous February: Detroit-Saginaw 10, Grand Rapids 12; staple food lines holding up fairly well; household appliances off sharply. Wholesale trade down 15% in Detroit and Grand Rapids. Payrolls and production above year ago in Saginaw because of strikes last February; off in Detroit and Grand Rapids; no month-to-month change. Automobile output estimated at 230,000 units compared with 372,500 in same month of 1937. Collections steady; slower than year ago. MARCH—Retail trade continues sluggish; somewhat better results in stores serving wage-earner classes attributed to increased relief funds.



7. PITTSBURGH

JAN., 80.7 DEC., 93.5 JAN. 1937, 99.2
 JANUARY—Percentage department store sales decreases from previous January: Pittsburgh 1, Wheeling 3. FEBRUARY—Percentage retail trade decreases from previous February: Erie 10, Youngstown 11, Pittsburgh 20, Clarksburg 12, Parkersburg 10, Huntington 20, Charleston 10. Wholesale trade decreases: Erie 15, Pittsburgh 15, Charleston 10. Payrolls and production under last year; unchanged from January except in Huntington and Pittsburgh where decline continued. Steel operations 28 to 30% of capacity, about the same as in January. Collections slower than last year. MARCH—Pittsburgh retail trade still lagging, averaging 15 to 20% behind last year. Steel activity slightly higher, but outlook on the whole unchanged.

9. CINCINNATI AND COLUMBUS

JAN., 90.8 DEC., 95.3 JAN. 1937, 101.1
 JANUARY—Percentage department store sales changes from previous January: Cincinnati +32, Columbus -3. FEBRUARY—Percentage retail trade decreases from previous February: Portsmouth 20, Cincinnati-Dayton-Springfield 15, Columbus 8, Zanesville 17. Agricultural, particularly tobacco, districts better than manufacturing centers. Wholesale trade down 25% in Cincinnati and Columbus. Payrolls and production lower than year ago; below January except in Zanesville and Columbus. Machine tool activity stimulated by armament orders. MARCH—Slight improvement in retail trade largely confined to home furnishings, women's wear, and yard goods. Wholesale dry goods advancing. No change in industry.

11. CHICAGO

JAN., 89.1 DEC., 92.3 JAN. 1937, 112.2
 JANUARY—Chicago department store sales 10% under previous January. FEBRUARY—Percentage retail trade decreases from previous February: Chicago 13, Rockford 20, Peoria 0; Chicago hotel sales up 1%, wholesale trade off 17%. Bank clearings 22% below last February in Chicago; off only 4% in Rockford. Payrolls and production continue lower than last year; some improvement since January in Peoria, where large tractor company is taking men back rapidly; upturn in wholesale trade also noted there. Collections even with last year in Peoria; slower elsewhere. MARCH—Trade continues listless; weather conditions unfavorable for Easter sales. Men's wear lines notably slow; women's millinery fairly active.

13. MILWAUKEE

JAN., 92.8 DEC., 97.6 JAN. 1937, 111.2
 JANUARY—Milwaukee department store sales 5% under previous January. FEBRUARY—Percentage retail trade decreases from previous February: Milwaukee 5, Madison 0, Green Bay 3; Madison stores selling to State and university employees maintaining volume. Milwaukee wholesale trade off 4%. Payrolls and production lower than year ago in Milwaukee and Madison. Operations in Green Bay paper industry unchanged but sales falling off. Small gain in Milwaukee consumer lines; heavy goods declining. Collections steady in Madison; slower than year ago elsewhere. MARCH—Slight improvement continues in consumer goods lines, principally textiles and shoes; new business scarce in heavy goods industries.

14. MINNEAPOLIS AND ST. PAUL

JAN., 93.8* DEC., 93.0 JAN. 1937, 101.5
 JANUARY—Department store sales in the district 1% under previous January. FEBRUARY—Percentage retail trade changes from previous February: Duluth —7, Minneapolis —4, St. Paul 0, Fargo +5, Sioux Falls —5, Billings —10, Butte —15. Wholesale trade decreases: Duluth 7, Minneapolis 8; foodstuffs and hardware moving normally; clothing and luxury goods slower. Payrolls and production below year ago except in St. Paul, where output is still at last year's level, although new orders are slow. Flour demand erratic, but production still ahead of year ago. Collections generally slower; steady in Duluth. MARCH—Snowstorms in first week of month seriously retarded retail sales, but benefited soil conditions.

*See note p. 29.

16. ST. LOUIS

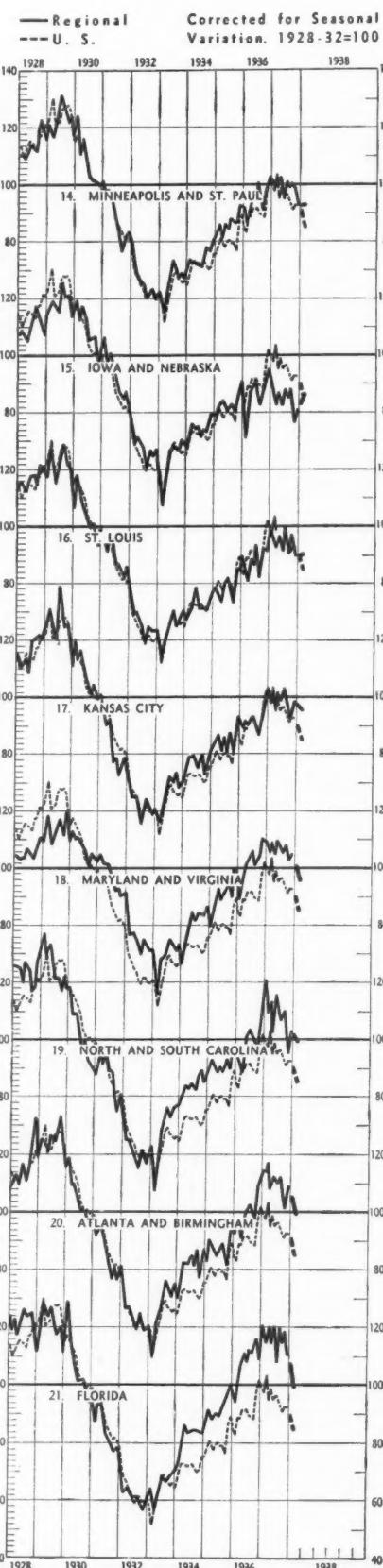
JAN., 90.8 DEC., 90.0 JAN. 1937, 99.0
 JANUARY—Percentage department store sales decreases from previous January: St. Louis 0, Springfield (Mo.) 1. FEBRUARY—Percentage retail trade decreases from previous February: St. Louis—Springfield (Mo.) 6, Springfield (Ill.) 10, Quincy 7. Wholesale trade in St. Louis higher than month ago; still below last year. Payrolls and production lower than year ago; unchanged from January level. St. Louis shoe production on par with last year. Collections slower than year ago; generally unchanged from last month. MARCH—Slight upward trend in St. Louis retail sales; volume still below last year. Steel output unchanged. Collections improved in some quarters. Growing conditions good; excellent in some sections.

18. MARYLAND AND VIRGINIA

JAN., 95.6 DEC., 105.0 JAN. 1937, 108.4
 JANUARY—Percentage department store sales changes from previous January: Baltimore +1, Washington —2, Richmond +9. FEBRUARY—Percentage retail trade changes from previous February: Baltimore —3, Washington —2, Norfolk +10, Richmond +2, Lynchburg —5, Roanoke —5. Wholesale trade changes: Baltimore —5, Norfolk +5, Richmond —6. Condition of livestock above average; milk production slightly greater than year ago. Payrolls and production even with last year in Norfolk; below elsewhere. Cigarette output slightly ahead of a year ago. Collections irregular; retail trade better than wholesale or manufacturing. MARCH—Favorable weather conditions stimulating Baltimore retail trade.

20. ATLANTA AND BIRMINGHAM

JAN., 99.6 DEC., 109.5 JAN. 1937, 115.7
 JANUARY—Percentage retail trade changes from previous January: Atlanta +4, Birmingham —2, Montgomery —14, Chattanooga 0, Nashville +4. FEBRUARY—Percentage retail trade decreases from previous February: Atlanta 7, Augusta 5, Columbus 15, Macon 2, Savannah 10, Birmingham 15, Montgomery 8, Mobile 0, Chattanooga 2, Knoxville 20, Nashville 5. Wholesale trade off 10% in Atlanta, Birmingham, and Nashville. Employment and payrolls even with last year in Augusta; below elsewhere. Little change in industrial activity since January. Collections steady in Mobile, Knoxville, Atlanta; slower than year ago elsewhere. MARCH—Advance in coal-mining operations; iron and steel remain quiet.



15. IOWA AND NEBRASKA

JAN., 86.9 DEC., 81.4 JAN. 1937, 88.5
 JANUARY—Omaha department store sales 2% under previous January. FEBRUARY—Percentage retail trade decreases from previous February: Burlington 15, Davenport 20, Dubuque 5, Waterloo 1, Des Moines 3, Sioux City 10, Lincoln 10, Omaha 15; Cedar Rapids up 1%. Wholesale trade decreases: Sioux City 6, Des Moines 1, Omaha 15. Favorable moisture conditions for Winter wheat. Payrolls and production at last year's level in Sioux City; lower elsewhere. Building material sales aided by mild Winter which has encouraged repair work. Collections steady to slower. MARCH—Omaha retail sales somewhat lower than preceding weeks; greatest year-to-year decrease in hardware lines. Additional rains encouraging to crops in region.

17. KANSAS CITY

JAN., 95.7 DEC., 98.4 JAN. 1937, 103.0
 JANUARY—Percentage department store sales changes from previous January: Kansas City —4, Wichita —2, Oklahoma City +6, Tulsa +11. FEBRUARY—Percentage retail trade decreases from previous February: Kansas City 11, St. Joseph 8, Topeka 2, Wichita 3, Oklahoma City 10, Tulsa 5. Wholesale trade decreases: Kansas City 10, Oklahoma City 5. Little month-to-month change in general production and payrolls. Oil industry somewhat less active; prices unfavorable. Strikes reported numerous in St. Joseph and Kansas City. Improved wheat and corn prospects due to recent snow and rain. Collections steady to slower. MARCH—Retail demand for Spring merchandise slow. Wholesale orders numerous but small.

19. NORTH AND SOUTH CAROLINA

JAN., 99.1 DEC., 103.6 JAN. 1937, 120.5
 JANUARY—Percentage department store sales decreases from previous January: North Carolina 3, South Carolina 7. FEBRUARY—Percentage retail trade changes from previous February: Asheville —7, Winston-Salem —10, Charlotte 0, Raleigh —5, Charleston —10, Columbia 0, Greenville +12. Wholesale trade decreases: Wilmington 8, Charleston 6, Winston-Salem 5. Payrolls and production steady in Charleston, below last year elsewhere; no change since January. Fertilizer factories working full time; other principal industries on reduced schedules. Collections steady in Greenville, Wilmington, and Charleston; slower than last year elsewhere. MARCH—Small advance in Winston-Salem retail volume; no change in Charleston.

21. FLORIDA

JAN., 99.5 DEC., 110.3 JAN. 1937, 121.6
 JANUARY—Percentage retail trade decreases from previous January: Jacksonville 6, Miami 6. FEBRUARY—Percentage retail trade changes from previous February: Jacksonville —8, Miami —4, Tampa +5. Wholesale trade changes: Jacksonville —3, Tampa +2. Bank clearings 5% lower than year ago in Jacksonville; off 11% in Tampa. More tourists at Miami than same period last year. Payrolls and production lower than year ago; generally unchanged from last month, except in lumber mills, where a slight gain is reported. Collections slower than last January in Jacksonville; steady elsewhere. MARCH—Larger decreases under year ago in Jacksonville wholesale and retail lines. Improvement noted in construction activity.

22. MEMPHIS

JAN., 89.1 DEC., 94.3 JAN. 1937, 99.5
 JANUARY—Percentage department store sales changes from previous January: Memphis +4, Fort Smith —3, Little Rock —3. FEBRUARY—Percentage retail trade changes from previous February: Memphis +5, Fort Smith —5, Little Rock 0. Memphis wholesale trade off 15%. Floods damaged spinach crop somewhat and affected trade for about ten days in rural areas. Payrolls and production lower than last year; unchanged from January level. Furniture and lumber, principal industries, down considerably compared with year ago. Collections holding fairly steady. MARCH—Memphis retail stocks generally healthy; slight pick-up in Spring apparel affording encouragement to trade, but general hesitancy continues.

24. TEXAS

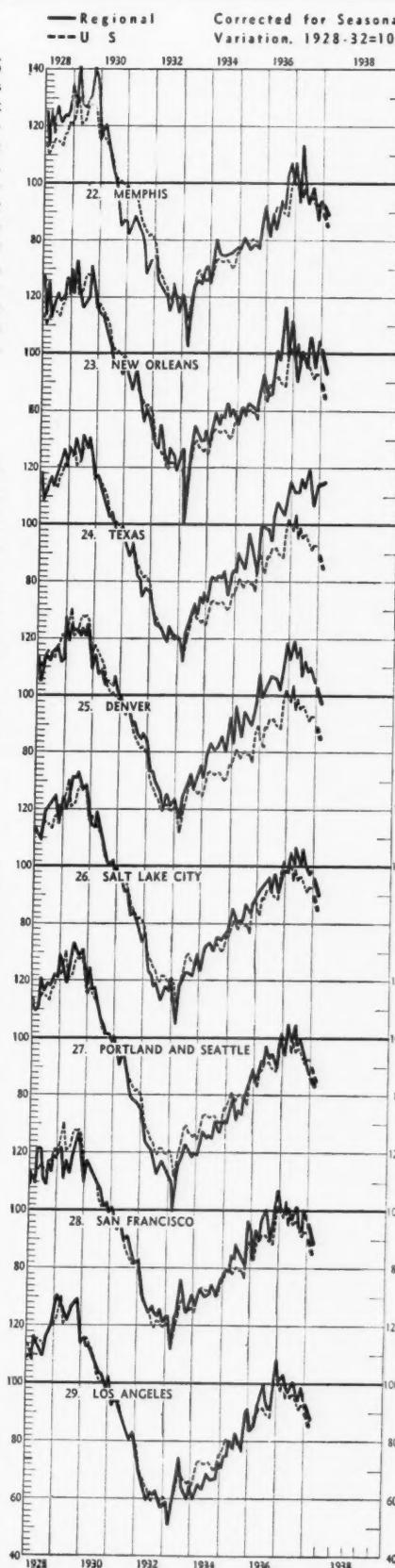
JAN., 115.8 DEC., 114.7 JAN. 1937, 115.9
 JANUARY—Percentage department store sales increases over previous January: Dallas 8, Fort Worth 6, Houston 12, San Antonio 20. FEBRUARY—Percentage retail trade changes from previous February: Dallas +2, Fort Worth +4, Amarillo +5, El Paso +5, Houston +3, Galveston —5, Waco —10, Austin —5, San Antonio —1, Shreveport —10. Wholesale trade changes: Dallas +4, Houston —12, San Antonio —8, Shreveport —15, Fort Worth —1. Spring crop outlook favorable. Payrolls and production generally close to last year's level. Collections steady; slightly slower than year ago. MARCH—Improvement in retail trade largely as result of more favorable weather conditions. Ranges in best condition since 1932.

26. SALT LAKE CITY

JAN., 89.2 DEC., 98.6 JAN. 1937, 98.1
 JANUARY—Salt Lake City department store sales 5% above previous January. FEBRUARY—Salt Lake City retail sales 5% lower than previous February, an increase of 10% over January being accounted for largely by special sales. Wholesale trade down 9%, bank clearings 18% below last February. Moisture conditions improved; outlook for ranges and small-fruit crop favorable. Payrolls and production lower than last year; coal and metal mining down 20%. Collections somewhat slower than last month and last year. MARCH—Salt Lake City retail sales slightly higher than previous weeks; volume remains about 5% below corresponding period of 1937; furniture sales 15% less than year ago.

28. SAN FRANCISCO

JAN., 88.3 DEC., 97.0 JAN. 1937, 99.9
 JANUARY—Percentage department store sales decreases from previous January: San Francisco 1, Oakland 4. FEBRUARY—Percentage retail trade changes from previous February: San Francisco —5, Oakland —10, Sacramento —3, Fresno +5. Continuous rain in first half of month affected all lines. San Francisco wholesale trade 15% below year ago. Weather favorable for crops and ranges. Payrolls and production steady in Fresno; lower than last year elsewhere. Home building stimulated by modified FHA Act; downward trend continues in most lines. Collections slower than last year. MARCH—Retail trade retarded by unfavorable weather; dullness especially in shoe and ready-to-wear lines. Lumber production rising.



23. NEW ORLEANS

JAN., 92.7 DEC., 105.0 JAN. 1937, 103.2
 JANUARY—New Orleans department store sales 4% above previous January. FEBRUARY—Percentage retail trade changes from previous February: New Orleans +7, Jackson —20, Meridian —5; rural sales off considerably. New Orleans wholesale trade even; bookings for Spring shipment about 20% below year ago. Crops in ground progressing satisfactorily. Payrolls and production below year ago in Meridian and Jackson; output up, payrolls steady in New Orleans. Petroleum industry expanding. Collections slower in Meridian; better than last month in Jackson; steady in New Orleans. MARCH—New Orleans retail trade showing improvement over preceding weeks; better weather and sales aiding volume.

25. DENVER

JAN., 97.5 DEC., 105.0 JAN. 1937, 112.0
 JANUARY—Denver department store sales 3% under previous January. FEBRUARY—Percentage retail trade decreases from previous February: Denver 9, Albuquerque 15. Radio, household appliance, ready-to-wear, and new car sales below normal; slight increases recently in necessities, piece goods, and small wares. Denver wholesale trade 15% below last February; buying cautious but retail stocks are lower than last year. Moisture conditions improved; Winter wheat crop expected to be about 60% of last year's. Payrolls and production unchanged from January level. Collections slower than last year. MARCH—Minor increases over previous week in Detroit trade; weather unfavorable for Spring sales. Livestock prices firming.

27. PORTLAND AND SEATTLE

JAN., 83.7 DEC., 87.6 JAN. 1937, 94.6
 JANUARY—Percentage department store sales changes from previous January: Seattle —1, Tacoma —1, Spokane +3, Portland —4. FEBRUARY—Percentage retail trade decreases from previous February: Seattle 2, Spokane 3, Portland 10; trade featured by heavy price cutting. Percentage wholesale trade decreases: Seattle 5, Portland 8. Apples and potatoes selling below farmers' cost of production. Payrolls and production lower than year ago. Lumber mills still on sharply reduced schedules. Large carry-over in salmon industry. Collections steady in Portland; slower than last year in other cities. MARCH—Retail trade 4% under last year in Seattle; down about 20% in Portland. Radio sales good. Increase in lumber orders and output.

29. LOS ANGELES

JAN., 87.4 DEC., 94.2 JAN. 1937, 101.1
 JANUARY—Percentage department store sales changes from previous January: Los Angeles —10, Phoenix +1. FEBRUARY—Percentage retail trade decreases from previous February: Los Angeles 15, San Diego 20. Los Angeles wholesale trade down 10%; gains from preceding month in cotton and dry goods, electrical products, hardware, and builders' supplies. Truck crop growers suffering losses from heavy rains. Payrolls and production under year ago. Some improvement noted in motion picture and building industries. Collections steady in San Diego; slower than year ago in Los Angeles and Phoenix. MARCH—Trade disrupted by severe floods; large business losses suffered principally by utilities.

INDUSTRIAL AND COMMERCIAL FAILURES

77-B PETITIONS §

| NUMBER OF FAILURES | LIABILITIES * | | | DUN'S INSOLVENCY INDEX † | | | | | | TOTAL CASES | | | INDUSTRIAL AND COM'L CASES | | | | | |
|--------------------|---------------|-------|--------|--------------------------|---------|------|------|------|------|-------------|------|------|----------------------------|------|------|-----|-----|-----|
| | 1938 | 1937 | 1936 | 1938 | 1937 | 1936 | 1938 | 1937 | 1936 | 1938 | 1937 | 1936 | 1938 | 1937 | 1936 | | | |
| Jan. . . 1,320 | 811 | 1,077 | 15,035 | 8,661 | 18,104 | 72.2 | 46.0 | 63.0 | 58.6 | 37.4 | 51.2 | 71 | 38 | 70 | 60 | 31 | 59 | |
| Feb. . . 1,071 | 721 | 856 | 13,559 | 9,771 | 14,089 | 69.0 | 48.4 | 56.6 | 60.0 | 42.1 | 48.8 | 94 | 45 | 82 | 80 | 35 | 68 | |
| Mar. . . . 820 | 946 | .... | 10,922 | 16,271 | .... | 44.9 | 53.3 | .... | 44.9 | 53.3 | .... | 73 | 52 | .... | 44 | 43 | 43 | |
| Apr. . . . 786 | 830 | .... | 8,906 | 14,157 | .... | 46.4 | 50.4 | .... | 45.5 | 49.4 | .... | 52 | 50 | .... | 34 | 38 | 38 | |
| May 834 | 832 | .... | 8,364 | 15,375 | .... | 45.4 | 46.4 | .... | 45.4 | 46.4 | .... | 61 | 49 | .... | 43 | 44 | 44 | |
| June 670 | 773 | .... | 8,191 | 9,177 | .... | 39.3 | 44.6 | .... | 41.4 | 46.9 | .... | 52 | 62 | .... | 35 | 46 | 46 | |
| July 618 | 639 | .... | 7,766 | 9,904 | .... | 36.0 | 38.3 | .... | 40.0 | 42.6 | .... | 59 | 36 | .... | 36 | 32 | 32 | |
| Aug. . . . 707 | 655 | .... | 11,916 | 8,271 | .... | 38.1 | 36.2 | .... | 44.8 | 42.6 | .... | 52 | 36 | .... | 31 | 24 | 24 | |
| Sept. . . . 564 | 586 | .... | 8,393 | 9,819 | .... | 34.0 | 33.4 | .... | 40.5 | 39.8 | .... | 32 | 33 | .... | 21 | 24 | 24 | |
| Oct. . . . 768 | 611 | .... | 9,335 | 8,266 | .... | 42.6 | 36.2 | .... | 46.3 | 39.3 | .... | 64 | 48 | .... | 48 | 33 | 33 | |
| Nov. . . . 786 | 688 | .... | 10,078 | 11,532 | .... | 49.2 | 44.3 | .... | 47.8 | 43.4 | .... | 66 | 38 | .... | 57 | 30 | 30 | |
| Dec. . . . 932 | 692 | .... | 13,291 | 12,288 | .... | 53.5 | 42.6 | .... | 53.5 | 42.6 | .... | 89 | 35 | .... | 77 | 24 | 24 | |
| Total | 9,017 | 9,185 | | 115,594 | 147,253 | | 43.7 | 45.4 | | 44.2 | 45.5 | | 683 | 591 | | 492 | 465 | 465 |

* In thousands of dollars.

† Apparent annual failures per 10,000 enterprises.

‡ For seasonal variation.

§ For corporate reorganization.

ANALYZING THE RECORD OF INDUSTRIAL and COMMERCIAL FAILURES

DECLINE LESS THAN SEASONAL

FEBRUARY failures followed the seasonal pattern of a decline from January, but analysis of the figures shows that the drop was less than normal. Actual numbers decreased from 1,320 with \$15,035,000 liabilities in January to 1,071 with \$14,359,000 liabilities in February. Part of this 19 per cent decrease was due to the short month, and when adjustments are made for the number of working days and the number of firms in business, the drop is only 4 per cent. This is shown as a change in the insolvency index from 72.2 to 69.0. The normal downward movement from January amounts to about 7 per cent, so the less-than-seasonal decline appears as a rise in the adjusted index from 58.6 to 60.0. The adjusted index has recorded a steady upward movement for five consecutive months.

Failures during the first two months of this year were over 50 per cent higher than at the beginning of last year. They would appear to be about at the

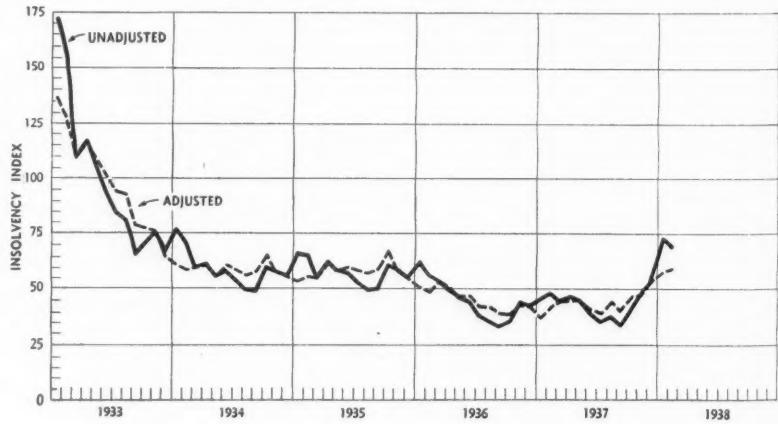
level of early 1934, but it should be remembered that Section 77-B, not in effect then, is taking from the regular failure record at the present time somewhere near an additional 7 per cent of companies in the courts because of financial difficulties.

Failures declined from January in all major industry groups except com-

mercial service, which was held up by increases in most of the lines of service. The rate of decrease was similar in retail trade, manufacturing, and construction; wholesale trade showed less of a decline.

Among manufacturers, textile and clothing concerns failed to share in the monthly decrease and are largely re-

MONTHLY TREND OF THE INSOLVENCY INDEX



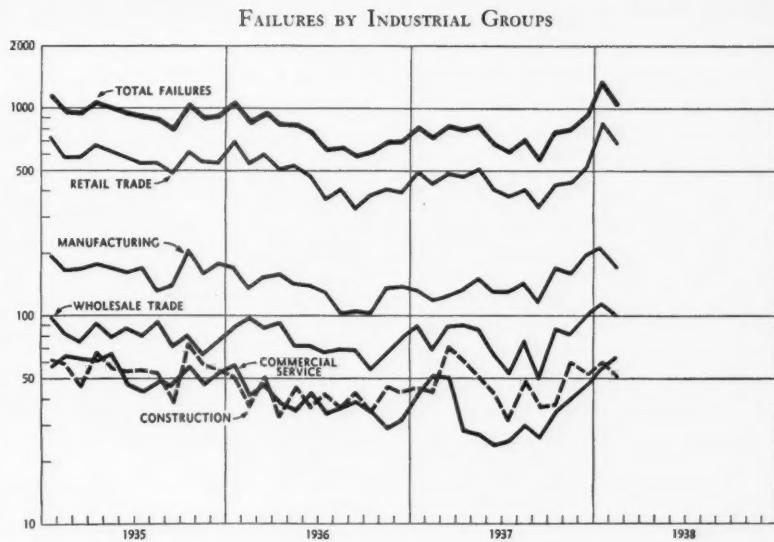
sponsible for the high level of all manufacturing failures above a year ago. Five lines—foods, paper and printing, drugs, fuels, and stone, clay and glass products—reported fewer failures than a year ago. A large coal-mining failure with liabilities of over \$1,000,000 greatly increased total manufacturing liabilities.

In wholesale trade, most lines reported more failures than a year ago, and in this group also clothing failures showed no decline from January. In retail trade, apparel shops appeared to have recovered from their excessive failures in January and showed a decline in February as did other lines.

The following table compares February failures with those a year ago by industry groups:

| INDUSTRY GROUPS | February 1938 | February 1937 | Per Cent Change |
|------------------------------|---------------|---------------|-----------------|
| Manufacturing | 171 | 120 | +43 |
| Wholesale Trade | 100 | 68 | +47 |
| Retail Trade | 685 | 438 | +56 |
| Construction | 51 | 43 | +19 |
| Commercial Service | 64 | 52 | +23 |
| Total | 1,071 | 721 | +49 |

The increase in retail trade failures is particularly striking. Food and apparel shops dominate the record, but very little of the rise was contributed by failures of food stores. Apparel shop defaults on the other hand were almost double those of a year ago. Increases in the other retail lines varied from slightly less than 50 per cent in hard-

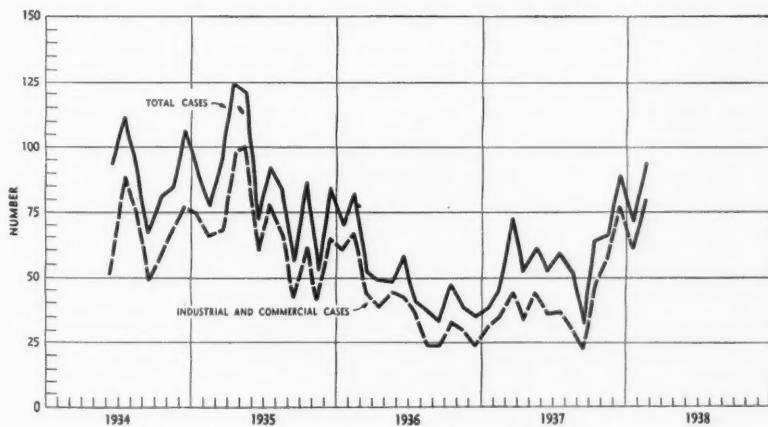


ware and drugs to over 100 per cent in general merchandise and household furnishings.

There was little shifting in size groups in February. Small failures with liabilities under \$25,000 continued to make up about 90 per cent of the total. There were seven very large failures compared with nine in January and twelve a year ago.

| LIABILITIES | February 1938 | February 1937 | Per Cent Change |
|------------------------------|---------------|---------------|-----------------|
| Under \$5,000 | 450 | 312 | +44 |
| \$5,000-\$25,000 | 511 | 331 | +54 |
| \$25,000-\$100,000 | 103 | 66 | +56 |
| \$100,000 and over | 7 | 12 | -42 |
| Total | 1,071 | 721 | +49 |

MONTHLY TREND OF 77-B CASES, 1934-1938



Not all sections of the country participated in the February decline. In fact, the Philadelphia, Cleveland, St. Louis, and Minneapolis Federal Reserve Districts, with slightly more failures than in January, moved quite contrary to the seasonal pattern.

In New York City, which alone accounts for a third of the total in the twenty-five largest cities, failures declined by 32 per cent from January, or much more than the average. Balancing this were increases or no changes in half of the other large cities. The decline was similar in the large cities and in the remainder of the country.

The following table compares the first two months of this year with the comparable months of last year:

| FEDERAL RESERVE DISTRICT | Jan.-Feb. 1938 | Jan.-Feb. 1937 | Per Cent Change |
|--------------------------|----------------|----------------|-----------------|
| Dallas | 50 | 65 | -23 |
| New York | 639 | 658 | -3 |
| Boston | 229 | 196 | +17 |
| St. Louis | 102 | 85 | +20 |
| Richmond | 104 | 87 | +20 |
| Minneapolis | 42 | 34 | +24 |
| San Francisco | 251 | 198 | +27 |
| Cleveland | 180 | 141 | +28 |
| Kansas City | 119 | 89 | +34 |
| Philadelphia | 169 | 108 | +56 |
| Chicago | 362 | 217 | +67 |
| Atlanta | 144 | 55 | +162 |
| Total | 2,391 | 1,933 | +24 |

77-B Cases

The record of 77-B cases moved contrary to regular failures. In February

there was a rise only slightly less intense than that which occurred in failures last month. The record of 77-B cases since 1934 does not indicate any regular seasonal pattern with a January peak comparable with that shown by failures. In fact, the February count was above that of January in both 1936 and 1937. A total of 80 commercial and industrial cases, compared with 60 in January, and 35 a year ago, caused this February to be the highest one on record since the amendment went into effect in 1934. The increase was largely in manufacturing and wholesale trade, but all groups are back to the levels of early 1935 when this provision for reorganization was being most extensively used.

77-B APPLICATIONS BY MAIN DIVISIONS OF INDUSTRY—FEBRUARY 1938 AND 1937

| | Feb. 1938 | Jan. 1938 | Feb. 1937 |
|---------------------|--------------|--------------|--------------|
| Manufacturing | 40 | 25 | 21 |
| Wholesale Trade | 14 | 9 | 3 |
| Retail Trade | 20 | 24 | 4 |
| Construction | 3 | .. | 1 |
| Commercial Service | 3 | 2 | 6 |
| Others (*) | 14 | 11 | 10 |
| Total United States | 94 | 71 | 45 |

(*) Not included in tabulation of commercial failures, such as real estate and investment companies.

Forty per cent of the month's cases were small companies with less than \$25,000 capital. A third were capitalized between \$25,000 and \$100,000 and twenty-two companies, or 28 per cent, were substantial concerns capitalized over \$100,000, three of them with over \$1,000,000 of capital stock outstanding. Again in the record of large companies in financial difficulties are found several, six this month, which were established long before 1900 by the fathers or grandfathers. New interests providing funds have entered the management of two of them, but the others are still family affairs. Profitable until 1929, they had various experiences during the depression which depleted working capital, and now they are found unable to pay RFC loans, accrued interest and mortgage requirements, or even current accounts.

Note: In DUN'S STATISTICAL REVIEW there are published more detailed failure statistics by States, large cities, industrial divisions, and size of liabilities.

FAILURES BY DIVISIONS OF INDUSTRY—FEBRUARY, 1938 AND 1937

| | Number | | | Liabilities | | |
|--------------------------------------|---------------------|--------------|--------------|--------------|-----------------|--------------|
| | Feb. 1938 | Jan. 1938 | Feb. 1937 | Feb. 1938 | Jan. 1938 | Feb. 1937 |
| | TOTAL UNITED STATES | 1,071 | 1,320 | 721 | 13,359 | 15,035 |
| MANUFACTURING (total) | | | | | | |
| Foods | 31 | 48 | 33 | 300 | 1,363 | 1,017 |
| Textiles | 53 | 56 | 16 | 914 | 1,039 | 197 |
| Forest Products | 14 | 13 | 3 | 251 | 147 | 49 |
| Paper, Printing and Publishing | 15 | 12 | 20 | 136 | 142 | 272 |
| Chemicals and Drugs | 5 | 10 | 7 | 17 | 128 | 66 |
| Fuels | 1 | 3 | 6 | 1,764 | 78 | 291 |
| Leather and Leather Products | 4 | 6 | 4 | 64 | 116 | 63 |
| Stone, Clay, Glass and Products | 2 | 6 | 5 | 117 | 106 | 36 |
| Iron and Steel | 8 | 8 | 5 | 204 | 69 | 28 |
| Machinery | 8 | 19 | 8 | 115 | 43 ⁰ | 251 |
| Transportation Equipment | 2 | 2 | 3 | 5 | 85 | 311 |
| All Other | 28 | 33 | 10 | 630 | 403 | 130 |
| WHOLESALE TRADE (total) | | | | | | |
| Farm Products, Foods, Groceries | 34 | 48 | 28 | 627 | 793 | 415 |
| Clothing and Furnishings | 12 | 12 | 3 | 138 | 155 | 33 |
| Dry Goods and Textiles | 6 | 9 | 2 | 50 | 184 | 34 |
| Lumber, Building Materials, Hardware | 7 | 8 | 3 | 216 | 142 | 67 |
| Chemicals and Drugs | 2 | 6 | 6 | 11 | 62 | 74 |
| Fuels | 2 | .. | 3 | 80 | .. | 42 |
| Automotive Products | 6 | 4 | 9 | 79 | 75 | 195 |
| Supply Houses | 9 | 8 | 3 | 37 | 134 | 51 |
| All Other | 22 | 21 | 11 | 408 | 355 | 130 |
| RETAIL TRADE (total) | | | | | | |
| Foods | 161 | 222 | 152 | 873 | 1,268 | 1,068 |
| Farm Supplies, General Stores | 22 | 41 | 25 | 206 | 369 | 162 |
| General Merchandise | 52 | 51 | 21 | 448 | 424 | 123 |
| Apparel | 170 | 230 | 90 | 1,176 | 1,798 | 657 |
| Furniture, Household Furnishings | 54 | 54 | 17 | 547 | 701 | 174 |
| Lumber, Building Materials, Hardware | 34 | 36 | 24 | 407 | 502 | 277 |
| Automotive Products | 57 | 58 | 30 | 716 | 920 | 374 |
| Restaurants | 44 | 76 | 26 | 437 | 694 | 250 |
| Drugs | 40 | 47 | 27 | 335 | 420 | 220 |
| All Other | 51 | 57 | 26 | 339 | 518 | 266 |
| CONSTRUCTION (total) | | | | | | |
| General Contractors | 1 | 4 | 8 | 23 | 12 | 396 |
| Carpenters and Builders | 17 | 15 | 14 | 279 | 350 | 511 |
| Building Sub-contractors | 30 | 40 | 21 | 278 | 368 | 372 |
| Other Contractors | 3 | 1 | .. | 32 | 45 | .. |
| COMMERCIAL SERVICE (total) | | | | | | |
| Cleaners and Dyers, Tailors | 13 | 16 | 12 | 87 | 106 | 103 |
| Haulage, Buses, Taxis, etc. | 16 | 14 | 12 | 360 | 230 | 383 |
| Hotels | 4 | 1 | 4 | 366 | 4 | 284 |
| Laundries | 6 | 3 | 4 | 78 | 136 | 57 |
| Undertakers | 5 | 2 | 3 | 24 | 9 | 9 |
| All Other | 20 | 20 | 17 | 185 | 145 | 333 |

Canadian Failures

Canada experienced in February a 29 per cent rise in failures which carried them to 99, or a point slightly higher than the 94 a year ago. The level is now 60 per cent above the low point of 56 in July, 1937. The monthly increase was in small failures alone, so

that liabilities of \$952,000 compare favorably with \$1,236,000 in January. They are considerably higher, however, than the \$550,000 a year ago. The increase was largely in retail stores, particularly grocery and meat, and in districts outside the larger cities in western Provinces of Manitoba and Alberta, although Quebec also reported a rise.

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"
More detailed figures appear in "DUN'S STATISTICAL REVIEW."

Building Permit Values—215 Cities

| Geographical Groups: | February 1938 | February 1937 | Change P. Ct. | January 1938 | Change P. Ct. |
|----------------------------|------------------|------------------|---------------|-------------------|---------------|
| New England | \$3,145,967 | \$3,809,093 | — 17.4 | \$2,210,097 | + 42.3 |
| Middle Atlantic | 11,313,962 | 37,930,270 | — 70.2 | 109,743,613 | + 89.7 |
| South Atlantic | 10,100,621 | 8,498,705 | + 18.9 | 5,168,012 | + 95.4 |
| East Central | 6,988,329 | 14,132,506 | — 50.6 | 8,042,027 | + 13.1 |
| South Central | 7,825,802 | 7,121,370 | + 9.9 | 6,674,578 | + 17.2 |
| West Central | 3,139,913 | 2,979,629 | + 5.4 | 1,824,180 | + 72.1 |
| Mountain | 834,315 | 1,414,557 | — 41.0 | 1,250,275 | + 33.3 |
| Pacific | 10,661,304 | 9,943,206 | + 7.2 | 11,953,343 | + 10.8 |
| Total U. S. | \$54,010,213 | \$85,829,336 | — 37.1 | \$146,866,125 | — 63.2 |
| New York | \$6,085,752 | \$30,606,510 | — 80.1 | \$106,072,040 | + 94.3 |
| Outside New York | \$47,924,461 | \$55,222,826 | — 13.2 | \$40,794,085 | + 17.5 |

Bank Clearings—22 U. S. Cities

(Millions of dollars)

| | Monthly | | | Daily Average | | |
|-----------|---------|---------|--------|---------------|---------|---------|
| | 1938 | 1937 | 1936 | 1938 | 1937 | 1936 |
| January | 21,798 | 27,226 | 25,262 | 871.9 | 1,089.0 | 971.6 |
| February | 17,583 | 23,720 | 22,065 | 799.2 | 1,078.1 | 959.3 |
| March | 29,412 | 26,610 | — | — | 1,089.3 | 1,023.4 |
| April | 26,086 | 24,711 | — | — | 1,003.3 | 950.4 |
| May | 23,951 | 22,473 | — | — | 958.0 | 889.9 |
| June | 25,903 | 26,148 | — | — | 996.3 | 1,005.7 |
| July | 26,015 | 24,766 | — | — | 1,000.6 | 952.5 |
| August | 22,260 | 21,269 | — | — | 856.2 | 818.0 |
| September | 24,076 | 23,927 | — | — | 963.0 | 957.1 |
| October | 24,668 | 25,852 | — | — | 986.7 | 994.3 |
| November | 21,796 | 24,554 | — | — | 947.6 | 1,116.1 |
| December | 25,805 | 31,153 | — | — | 992.5 | 1,198.2 |
| Total | 300,918 | 298,790 | — | — | 996.7 | 987.1 |

Bank Clearings for Individual Cities (000 omitted)

| | February 1938 | February 1937 | Change P. Ct. | January 1938 |
|-----------------|------------------|------------------|------------------|-----------------|
| Boston | \$731,538 | \$976,025 | — 25.0 | \$878,933 |
| Philadelphia | 1,289,000 | 1,479,000 | — 12.8 | 1,481,000 |
| Buffalo | 112,343 | 137,499 | — 18.3 | 133,705 |
| Pittsburgh | 421,006 | 538,596 | — 21.8 | 480,543 |
| Cleveland | 275,408 | 343,645 | — 19.9 | 344,937 |
| Cincinnati | 202,850 | 228,127 | — 11.1 | 239,848 |
| Baltimore | 234,245 | 270,940 | — 13.5 | 270,325 |
| Richmond | 135,634 | 143,349 | — 5.4 | 166,267 |
| Atlanta | 194,300 | 220,700 | — 12.0 | 214,803 |
| New Orleans | 148,764 | 150,348 | — 1.1 | 165,900 |
| Chicago | 1,204,529 | 1,296,240 | — 21.0 | 1,262,062 |
| Detroit | 304,771 | 415,853 | — 26.7 | 418,300 |
| St. Louis | 297,889 | 353,109 | — 15.6 | 357,172 |
| Louisville | 127,075 | 116,697 | — 8.9 | 146,412 |
| Minneapolis | 210,921 | 230,230 | — 8.4 | 255,483 |
| Kansas City | 312,795 | 366,525 | — 14.7 | 378,036 |
| Omaha | 101,800 | 110,592 | — 7.9 | 123,015 |
| Dallas | 186,542 | 196,154 | — 4.9 | 215,981 |
| San Francisco | 492,402 | 590,027 | — 16.5 | 594,988 |
| Portland, Ore. | 101,709 | 104,737 | — 2.9 | 118,687 |
| Seattle | 115,102 | 131,307 | — 12.3 | 139,723 |
| Total 21 Cities | \$7,020,623 | \$8,399,700 | — 16.4 | \$8,385,749 |
| New York | \$10,562,781 | \$15,319,955 | — 31.1 | \$13,412,162 |
| Total 22 Cities | \$17,581,404 | \$23,719,655 | — 25.9 | \$21,797,911 |

Dun & Bradstreet
Weekly Food Price Index

The index represents the sum total of the wholesale price per pound of 31 commodities in general use:

| Weeks: | 1938 | 1937 | 1936 | 1935 |
|---------------|--------|--------|--------|--------|
| Mar. 22 . . . | \$2.46 | \$3.01 | \$2.59 | \$2.65 |
| Mar. 15 . . . | 2.48 | 3.01 | 2.59 | 2.62 |
| Mar. 8 . . . | 2.49 | 2.99 | 2.58 | 2.66 |
| Mar. 1 . . . | 2.47 | 2.96 | 2.62 | 2.68 |
| Feb. 22 . . . | 2.48 | 2.94 | 2.67 | 2.70 |
| Feb. 15 . . . | 2.44 | 2.95 | 2.73 | 2.75 |
| Feb. 8 . . . | 2.43 | 2.96 | 2.68 | 2.76 |
| Feb. 1 . . . | 2.46 | 2.93 | 2.67 | 2.73 |

| | HIGH | LOW | | |
|------|--------|---------|--------|---------|
| 1938 | \$2.53 | Jan. 4 | \$2.43 | Feb. 8 |
| 1937 | \$3.01 | Mar. 16 | \$2.56 | Dec. 28 |
| 1936 | \$2.94 | Dec. 29 | \$2.52 | May 19 |

Dun & Bradstreet
Daily Weighted Price Index

30 Basic Commodities

(1930-1932 = 100)

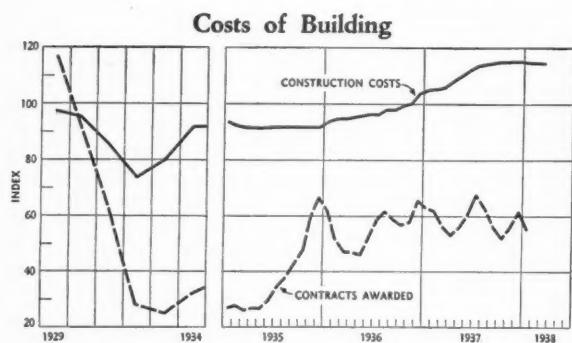
| | 1938 | | 1937 | |
|-----|--------|--------|--------|--------|
| | Mar. | Feb. | Jan. | Dec. |
| 1. | 113.55 | 114.59 | * | 117.10 |
| 2. | 113.74 | 114.05 | † | 117.01 |
| 3. | 113.89 | 113.88 | 114.69 | 117.35 |
| 4. | 113.45 | | 116.10 | 117.39 |
| 5. | 113.24 | 114.02 | 116.32 | † |
| 6. | † | † | 116.47 | 117.36 |
| 7. | 113.24 | 113.90 | 116.82 | 116.97 |
| 8. | 113.03 | 113.87 | 117.03 | 117.25 |
| 9. | 112.40 | 114.11 | † | 117.31 |
| 10. | 112.39 | 113.93 | 117.06 | 117.04 |
| 11. | 112.57 | 113.01 | 117.05 | 116.82 |
| 12. | 112.54 | * | 116.67 | † |
| 13. | † | † | 116.63 | 117.06 |
| 14. | 111.85 | 112.70 | 116.22 | 117.00 |
| 15. | 111.72 | 111.98 | 116.31 | 117.31 |
| 16. | 112.45 | 112.10 | † | 116.97 |
| 17. | 112.19 | 113.13 | 116.39 | 116.68 |
| 18. | 111.76 | 113.16 | 116.04 | 116.47 |
| 19. | 111.82 | 113.12 | 115.96 | † |
| 20. | † | † | 116.32 | 117.08 |
| 21. | 111.23 | 113.34 | 116.03 | 117.48 |
| 22. | 110.93 | * | 116.00 | 117.35 |
| 23. | 111.09 | 114.08 | † | 116.95 |
| 24. | 111.00 | 114.13 | 115.82 | 117.14 |
| 25. | 110.77 | 113.65 | 116.09 | * |
| 26. | 110.70 | 113.62 | 115.44 | † |
| 27. | † | † | 114.89 | 116.71 |
| 28. | 110.54 | 113.47 | 114.94 | 116.12 |
| 29. | 110.30 | * | 114.54 | 115.05 |
| 30. | | | † | 114.83 |
| 31. | | | 114.21 | 115.02 |

* Sunday. * Markets closed

| High | Low |
|----------------|----------------|
| 110.6 Jan. 10 | 110.30 Mar. 29 |
| 114.26 Apr. 5 | 114.83 Dec. 30 |
| 115.65 Dec. 31 | 115.13 May 22 |

THROUGH THE STATISTICIAN'S EYES

ODD AND INTERESTING ITEMS FROM THE MONTH'S RECORD



CONSTRUCTION COSTS AND CONTRACTS—1929—MARCH, 1938—1923-1925 = 100—The construction cost index is that of the *Engineering News-Record* transferred to a 1923-1925 base. The contracts index, seasonally adjusted, is computed by the Board of Governors of the Federal Reserve System from the F. W. Dodge reports covering awards made in 37 States.

WITH REVIVAL in construction an outstanding problem at present, adjustments in costs are being looked upon as a possible means of stimulating activity in the industry. The accompanying chart shows, on the same base, indexes of construction contracts and costs. The gain in the latter—14 per cent—between 1929 and 1937 contrasts with the sharp drop in building activity illustrated by the 50 per cent decline in the contracts index.

Construction costs, comprising weighted prices of lumber, cement, and structural steel, and the average wages of common labor in 20 cities as of the beginning of each month, have been above the 1929 average since the middle of 1936. They declined from December 1 to February 1, the first instance in three years of a drop for two consecutive months, but the total loss amounted only to 0.6 per cent, less than one point in the index, and the February 1 level was maintained through March 1.

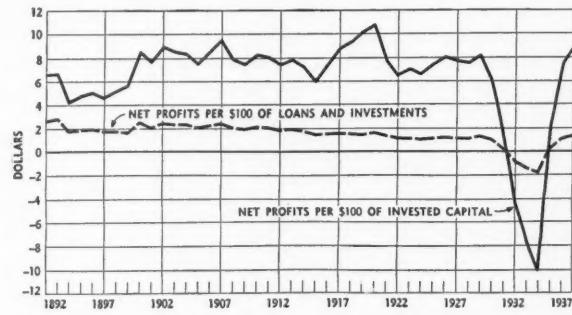
Bank Profits

AN INTERESTING SERIES of charts and tables in the February issue of the *Federal Reserve Bulletin* gives a complete picture of our national banks in the rôle of profit makers during the last half-century. In all but eleven of the past forty-eight years, the figures reveal, the rate of return on invested capital has been 6 per cent or higher. Over the period, net profits on earning assets have shown a declining tendency, but this has been offset by a large rise in the amount of loans and investments per dollar of invested capital.

The growth in loans and investments occurred from 1890 to 1918, the ratio per dollar of invested capital rising from \$2.40 to \$6 during this period. Rates of return on loans

and investments, as well as the total volume, rose at this time, but the increased proportion of time deposits, combined with a more active competition among banks to attract funds, greatly advanced interest costs, and net profits showed little change in trend.

During the 30's, trends in both earnings and expenses changed. Net profits in 1936 and 1937 were surprisingly similar to those in the late 20's, but they represented a different type of balance. Expenses were down sharply due to revised rules governing interest payments; returns from loans and investments were drastically reduced due to lowered rates and an increasing proportion of investments; greater dependence was put on new sources of funds, installment and personal loans, and charges for services. But even with these economies and new sources of earnings, profits would not have been carried to the old levels, the



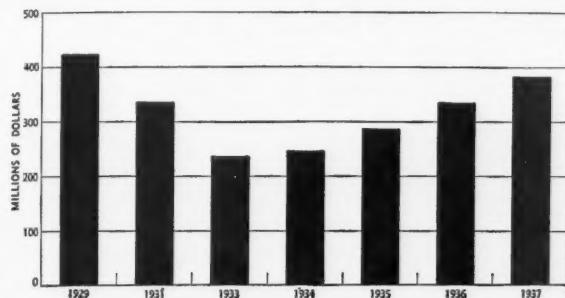
NET PROFITS OF NATIONAL BANKS—1892-1937—Annual Reports of the Comptroller of the Currency—An increase in loans and investments in proportion to invested capital has enabled banks to maintain a relatively high rate of return on invested capital despite a definite downturn in the rate of profits on earning assets.

Bulletin points out, had it not been for substantial recoveries on assets previously charged off.

Beauty Aids

WITH ONLY about one-twentieth the surface to cover, women have been spending about one-half as much on lipstick, it appears, as men have on shaving cream. Retail sales estimates for 1937, presented by the Pope Publishing Company in *Toilet Requisites*, put the total expenditures on perfumes, cosmetics, and other toilet preparations at \$384,000,000 for the year. Less than a quarter of this amount went to dentifrices, about one-third to perfumes, creams, and face powders; lipsticks alone accounted for \$14,000,000.

Total sales were the highest since 1929, 14.5 per cent above 1936, while all retail sales, according to Department



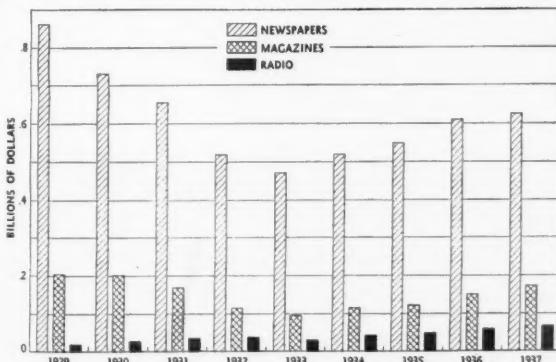
Retail Sales of Toilet Preparations—1929-1937—*Toilet Requisites*. Figures for 1929 and 1931 are estimates derived from the Census of Manufactures; later years were compiled by doubling the annual totals for wholesale volume.

of Commerce figures, were up only 5 per cent. And yet, the industry points out, there are still many faces to conquer. It estimates that only two-thirds of the women in the United States are using creams and lipsticks, only one-half have so far succumbed to perfumes and toilet waters.

Advertising Outlays

OF A TOTAL \$867,000,000 expended by advertisers in the three leading media during 1937, newspapers claimed 72 per cent, magazines 20 per cent, and radio 8 per cent. Though representing only a small fraction of all advertising outlays, broadcasting revenue continued to hold first place for rate of growth; alone of the three media it enjoyed almost constant yearly increases during the depression, and by 1937 was more than three times the 1929 amount.

The American Newspaper Publishers' Association and the Publishers' Information Bureau supplied the series shown on the chart. The Association compiles totals for newspaper advertising from both local and national newspapers. The magazine series, furnished by the Bureau, is not quite so comprehensive, being based entirely on copy



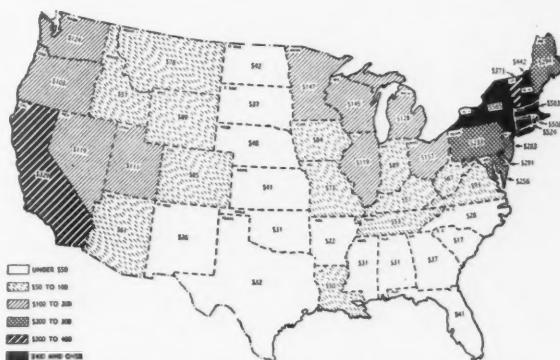
ADVERTISING EXPENDITURES—1929-1937—Figures for newspapers from the American Newspaper Publishers' Association (except for 1937 which is estimated), for magazines and radio from the Publishers' Information Bureau. The totals for radio—costs of facilities—cover only national networks and are therefore less comprehensive than those for the other media.

in national magazines. It is estimated, however, that the publications checked—over 100—contain more than 90 per cent of all magazine advertising.

Figures for radio spot and local advertising were not available for the entire period shown, but surveys made by *Broadcasting* during recent years indicate that time sales would be twice the amount shown on the chart if these totals were added to national network receipts. Addition of talent costs would mean a further jump in the radio figures, and would probably bring the total expenditures in this field during 1937 up to those for magazines.

Savings Deposits

ON JUNE 30, 1937, the average inhabitant of the United States had \$191 on deposit in his savings account, according to the American Bankers' Association. Less fortunate were the majority of the "average inhabitants" of each of the forty-eight States. In twenty-seven of these, savings de-



SAVINGS DEPOSITS—JUNE 30, 1937—American Bankers' Association—Per capita savings deposits, derived by dividing all savings by estimated population, were \$7 higher in 1937 than in 1936, making the average total \$191.

posits per capita were less than \$100; in fifteen, in fact, they were smaller than \$50. South Carolina ranked lowest with \$17 as its average, Arkansas and New Mexico next with \$22 and \$26 respectively.

On the favorable side of the national average were all the States in the Northeastern section of the country, and many of those in the East Central and the Far West. Massachusetts held first place, with per capita savings amounting to \$583; New York was second with an average of \$565.

Comparisons with savings totals compiled by the American Bankers' Association in previous years reveal a 3.8 per cent gain in per capita deposits over 1936, a 13.2 per cent decrease from 1927, an 80.2 per cent increase over 1917. All savings deposits in the United States on June 30, 1937, amounted to \$24,499,448,000, a 4.4 per cent gain in the twelve months having added the substantial sum of \$1,035,863,000 to the total.

HERE AND THERE IN BUSINESS

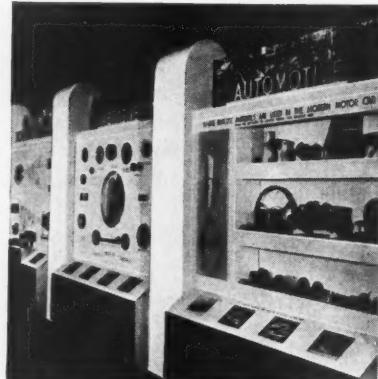
WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

ONE HUNDRED and seventy years ago, in 1767, two British surveyors, Charles Mason and Jeremiah Dixon, entered the wilderness to settle a dispute between the British colonies of Maryland and Pennsylvania. As a result of the survey they completed in that year, a boundary was definitely fixed for the first time, and the Mason-Dixon line came into being.

In the minds of most people the Mason-Dixon line is as imaginary as the equator and great was the surprise of W. H. Proctor, veteran pilot of American Airlines, Inc., when he learned that the clearly defined line he had noticed often near Cumberland, Md., on his daily flights between Chicago and Washington, was actually the famous Mason-Dixon boundary.

An amateur photographer of more than average ability, Proctor determined to make a picture of the line and spent more than a year at it. His principal difficulty was obtaining the proper light to make the line visible from the altitudes he had to maintain. Then, too, the 200-mile-an-hour speed of his plane made more than one attempt impossible on any given flight.

Undismayed by repeated failures, Pilot Proctor continued his efforts until he caught the picture shown below. It



FOURTH KINGDOM—Neither animal, vegetable, nor mineral, articles made from plastics for 21 industries are being exhibited by the Bakelite Travelcade, now touring through New Jersey.

is, American Airlines thinks, the only authentic picture of the Mason-Dixon line in existence.

Winner—When the American Management Association held its packaging exhibition at the Palmer House in Chicago, March 22 to 25, a feature exhibit was the winner of the Irwin D. Wolf trophy for distinctive packaging merit.

Trophy winner this year was an ensemble vacuum cleaner carton and tool kit designed for the Hoover Company by Henry Dreyfus. Versatile, Mr. Dreyfus recently turned his hand to an-

other type of packaging and designed a new streamlined locomotive to pull the Twentieth Century Limited.

The judges of the contest doubtless admired the neat, compact Hoover assembly for its construction. Salesmen are said to like it for another reason: it boosts combination sales.

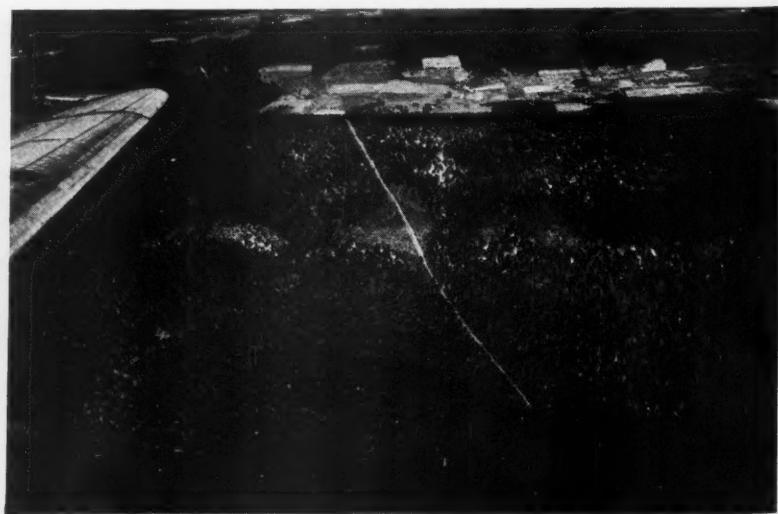
Travelcade—Under the banner of "Modern Plastics for Modern Living," the Bakelite Corporation's Travelcade set out on April 1 on a tour of New Jersey cities, after filling its one-month opening engagement at the Museum of Science and Industry, Rockefeller Center, New York. After the Jersey tour the Travelcade will come to rest for the remainder of the year at the Franklin Institute, Philadelphia.

As the slogan implies, the exhibit's purpose is to demonstrate in how many ways plastics now cut across everyone's daily existence, just thirty years after Dr. L. H. Baekeland first developed Bakelite resinoid in an obscure laboratory in Yonkers. A replica of that laboratory serves as one display; twenty-one others show uses of plastics in various industries.

For the actively interested the Travelcade includes a sound-film picture with Lowell Thomas describing "The

WINNER—Awarded the Irwin D. Wolf trophy this year at the AMA exhibition held in Chicago, the Hoover Company's package contains both vacuum cleaner and tool kit.

BOUNDARY—Surveyors Charles Mason and Jeremiah Dixon constructed more than an imaginary line when they settled the Maryland-Pennsylvania boundary dispute in 1767. The actual Mason-Dixon Line shown below was taken from an American Airlines, Inc., flagship.



You too may find it the Key to the solution of your credit problems

Field Warehousing by Douglas—Guardian

Rapidly Growing in Favor With Bankers and Businesses

Hundreds of businesses have found Field Warehousing by Douglas-Guardian the medium to escape too heavy a drain from the undivided surplus tax

Present tax laws and other restrictions under which business is being conducted today call for new technique in financing. Every executive concerned with this problem should be fully informed on Douglas-Guardian service, whereby money can be raised on favorable terms, through the Field Warehousing of inventory as collateral. Either raw materials or the finished product is eligible, except in cases where it is very perishable or cannot readily be segregated.

No Delays or Red Tape

To the business in legitimate need of capital, Field Warehousing by Douglas-Guardian has often released desired funds within a day or two after Douglas-Guardian entered the picture. You'll be agreeably surprised at the dispatch with which a credit situation can be "set up" using this modern technique—with the cooperation and fullest approval of the bank. You'll like the favorable interest rate you can secure—and all the details will be taken over competently and completely by Douglas-Guardian.

Yet, while Field Warehousing does provide money without delay, when there is an immediate need, it is in no sense just an emergency form of financing. For years Field Warehousing has been extensively used in the food packing industry—both by can companies, who manufacture in advance and store their product in the warehouses of their customers—and by canners, who are aided to finance their labor and produce, and handle their pack on a business-like basis. Through it they avoid the destructive dumping of inventory, always a scourge of this industry. Field Warehousing is a fixture in the sugar business . . . in the sugar, petroleum, and many other industries. In addition to the commodities suggested at the right, there are hundreds of others either now being Field Warehoused or highly suited to the modern method of financing.

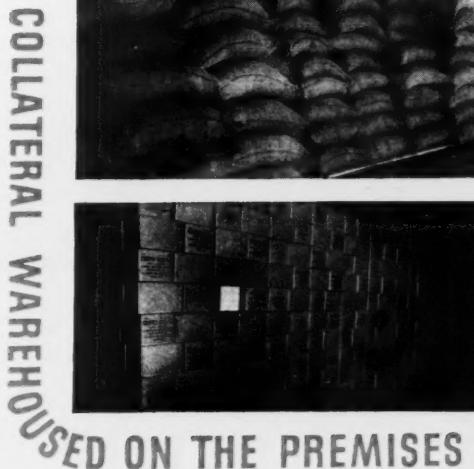
Through our 13 service offices, we render a nation-wide service offering every facility for the legal and accurate transaction of any type of Field Warehousing, under competent and experienced management. We invite your inquiry for full particulars.

Glad to Mail You a Copy of This FREE BOOK

The popularity of "Financing the Modern Way" has necessitated a second edition. It's a concise but comprehensive presentation of Warehousing that brings the warehouse to the merchandise . . . points out the difference between legitimate Field Warehousing and subsidiary warehousing. A mighty interesting and valuable book for your desk. Gladly mailed without cost or obligation. Also we'll send tables of statistics showing how the laws of most states permit higher loan values on Field Warehoused merchandise. Address 100 W. Monroe St., Chicago, or nearest office.



Typical Commodities Field Warehoused:
Alcohol, Canned Goods, Cotton, Cotton products, Soy Beans and products, Coal, Petroleum products, Flour, Lard, Hides, Malt, Molasses, Petroleum products, Rice, Clothing, Seeds, Syrup, Steel products, Sugar, Sulphur, Staves, Stoves, Wool, Woolen Goods, Wines, Whiskies, Zinc Slabs and many others.



DOUGLAS-GUARDIAN WAREHOUSE CORPORATION

Nation-Wide Warehousing Service

NEW ORLEANS, LA.
118 N. Front St.

CHICAGO, ILL.
100 W. Monroe St.

NEW YORK, N. Y.
100 Broad Street

DALLAS, TEXAS
401 Tower Petro. Bldg.

ROCHESTER, N. Y.
1223 Commerce Bldg.

EASTON, MD.
428 South St.

SPRINGFIELD, MO.
215 Holland Bldg.

MADISON, WIS.
155 E. Wilson St.

TAMPA, FLA.
416 Tampa St.

CLEVELAND, OHIO
Leader Bldg.

LOS ANGELES, CAL.
Garfield Bldg.

MEMPHIS, TENN.
106 Porter Bldg.

SAN FRANCISCO, CAL.
485 California St.

"Fourth Kingdom" (first three: animal, vegetable, and mineral). For the mildly curious, a Braille board to teach the blind, a clamp for the umbilical cord, a molded skull for replacement purposes.

Personal—It looks like a radio; it tunes like a radio; by gosh, it is—no it's a portable air conditioner. Designed for residential, hotel, hospital, and office use and heralded as the "newest achievement of General Motors," the sleek unit shown at the right, is being distributed through 54 Delco-Frigidaire distributors and 1,200 retailers, all of whom are pleased that it will market for less than \$400 installed.

Working back from controls to inwards, a venturesome prospect would first discover a panel concealed in the top and mounted on it a dial to be set at the desired temperature. This and a temperature watchman control the Meter-Miser, a device already at work in 1,000,000 Frigidaires. A second dial is the air direction selector, which operates by rotating a grille.

Farther under the hood an air-filter, a cooling coil, a ventilating fan, and the Meter-Miser are quietly at work.

Steel—Republic Steel Corporation formally opened in Cuyahoga Valley, Ohio, last month the fastest, largest, most modern continuous strip rolling mill in the world. With a nominal rated capacity of 70,000 gross tons a

distortion resulting from stretching.

In all, the new mill's massive machinery—most of it electrically push-button controlled—spreads over 21 acres. The architect who helped substantially to confine it within even this area was Albert Kahn, Inc., of Detroit.

The entire project entailed more than building from the ground up. Before the designers could go ahead with their plans, part of the land itself had to be made. To do so, the Cuyahoga River was moved almost half a mile to a new channel. In the process the dirt moved was by volume 1,000,000 cubic yards. Just look at your waste-basket, that dirt would fill it some 27,000,000 times.

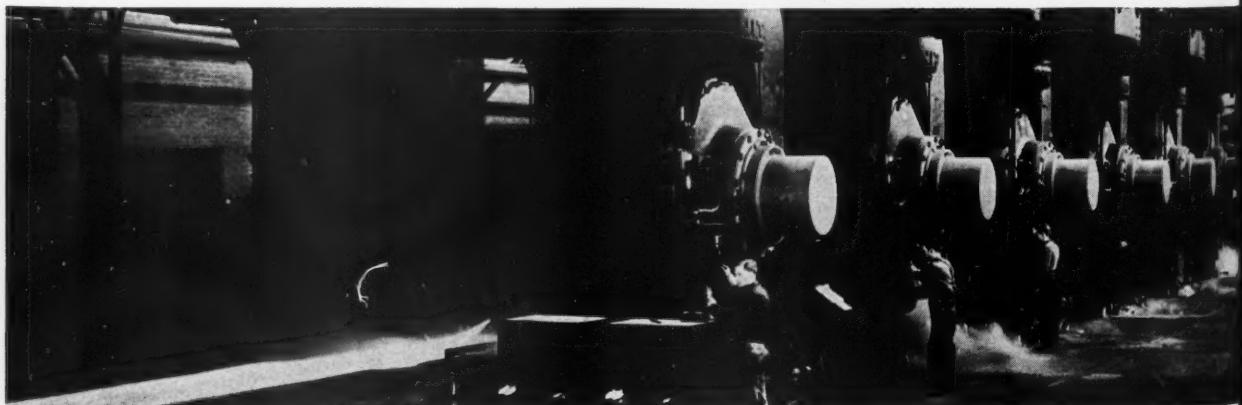


No PIPES—Delco-Frigidaire announces a portable air-conditioner which requires only an electric power outlet and a prepared window location.

month, it will employ 2,000 men, even though every proven mechanical device has been built into the equipment.

Giant sheets 94 inches wide, some of them a quarter-mile long, roll out of the hot mill at the rate of 25 miles an hour, out of the cold mill at nine miles an hour—both records. Not infre-

Clubs—When New York's Feld-Crawford fair trade law was winding its way through the State legislature, book publishers were scarcely inconspicuous in the ranks of an active sponsoring group. And because the Book-of-the-Month Club, the Literary Guild, and kindred organizations were important distributors of books at only moderate reductions from list prices, it was indeed a happy coincidence that the law as it turned out did not forbid this form of price-cutting.



Together they clean, cool, and dehumidify inside air and steadily draw in a new supply from outdoors. On naturally cool days it can be used solely as a ventilating unit.

For installation the only requirements are an electrical connection and the fitting of an adjustable window section. It can be moved about from one prepared location to another. And of course if you move, you can take it with you.

CONTINUOUS STRIP—Adding 70,000 tons to the industry's capacity, Republic Steel has opened a quarter-mile long continuous strip rolling mill.

quently with the longer strips, one part of the slab is in the sixth stage of processing before the rear end has left the first stand. By a feat of synchronization the powerful motors which drive the steel along are so adjusted that each one is speeded up just enough faster than the last to pull the lengthening sheet without causing buckling or the

Very decidedly, however, it did take a reef in the sails of R. H. Macy & Company. When Macy sent 36,000 copies of *Gone With the Wind* back to Macmillan just a year ago it was perhaps a sound business move. But it was generally considered something of a gesture, as well.

One Sunday last month Macy took full page space in metropolitan dailies to announce that competition was still operating, in the form of "Macy's Red

Star Book Club." To become a participating club member a customer would buy four, eight, or any-number-divisible-by-four, books a year from a list of 2,500 new, popular titles. With every fourth book he would be given a certificate equal in value to 25 per cent of the sale price of the books, and with these certificates he might buy any books on a list of 18,000 active titles. No dividends, however, would be paid on books bought with certificates.

On the following Sunday, when Macy was again advertising its new 25 per cent fraternity, Bloomingdale's announced a Booklovers' Club and Gimbel's just a prosaic Book Club, both substantially the same scheme, but allowing 30 per cent certificates. On Monday a publisher's sales manager guessed that Macy would raise the bonus to 35 per cent and gloomily reflected the trade's apprehension about price maintenance generally. On Tuesday Macy caught up with advertising time-lag, but did not raise the certificate value to 35 per cent, or even 32; only 30.

For One Only—The too-familiar sentence, "Aren't you ever going to turn off that light?" ought to sell many "Spotray" bed lamps for the Mitchell Manufacturing Company, Chicago. Because of its convex lens "Spotray's" beam is narrow, illuminates only a small area, but that brilliantly.

White Space—To readers of the Winston-Salem, N. C., *Journal and Sentinel* it appeared one day not long ago that the editors had been hard put to it to fill page 26. In fact it looked as though they had not found even a single grange meeting or golden wedding anniversary to write about, for the page was absolutely blank. Or so it seemed. Curious readers who looked more closely discovered at the foot one line in small type: "This page cleaned by Camel City Laundry and Dry Cleaners. Phone 6196."

BE AN ACE LETTER WRITER

1. "Better Letters In Business"—exclusive letter magazine. Sales and collection ideas you can use to write swift, human, irresistible letters.
2. "How To Write Prize-Winning Business Letters"—64-page book of action-getting principles. Readers say: "Worth ten times cost." "Get many ideas." "Received money's worth many times over."
3. BOTH for \$2. (\$3.50 value.) Sent on APPROVAL to executives. No obligation unless you say "O. K."

Better Letters in Business, Dept. DR4,
4416-18 Elston Avenue, Chicago, Illinois

KALTENBORN EDITS SOME "NEWS" FOR DICTAPHONE



H. V. KALTENBORN... His first book, *We Look At The World*, was "written" entirely into the Dictaphone. Today Dictaphone helps keep him on top of a busy schedule as featured writer, lecturer, and radio news commentator.



W. M. DOBSON, Vice-Pres.
Pennsylvania Indemnity
Corporation, Philadelphia

"...hurries up
handling of details
—without slighting
them...more time for
thinking and plan-
ning."



CHARLES E. FERNALD
Fleisher, Fernald & Co.
(CPA's), Philadelphia

"...complete
adaptability to
my time and re-
quirements...in-
ability to mis-
quote me..."



**THE NEW PROGRESS
CABINET DICTAPHONE**



R. J. McSOLEY
Executive Asst. Mgr.
Hotel Statler, Boston, Mass.

"...It means a
great deal to me
to work alone...
my secretary free
to head off in-
terruptions..."



G. W. PATTERSON
Credit Mgr.
American Cyanamid Co., N.Y.

"Correspondence
on the double-
quick...instant
readiness to take
memoranda...knock
down details."



F. GOODCHILD, Pres.
J. & J. Cash, Inc.
South Norwalk, Conn.

"...the greatest
time saver...I
told him...you have
to go a long way
to beat the Dicta-
phone..."

NOW MAIL THIS

There is only one true Dictaphone. It is made exclusively by Dictaphone Corporation at Bridgeport, Conn.; sold through our own offices in 96 cities. We invite your inquiry. No obligation is implied.

The word DICTAPHONE is the Registered Trade Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade Mark is Applied.

Dictaphone Sales Corp., 420 Lexington Ave., N.Y.C.
In Canada — 86 Richmond Street, West, Toronto
 I should like to talk with someone about the loan
of a Dictaphone in the new Progress Cabinet at
no expense to me.
 Send further information about Dictaphone.

Name _____
Company _____
Address _____ D-4

THE BUSINESS BOOKSHELF

BUSINESS . . . FINANCE . . . ECONOMICS . . . GOVERNMENT

THE parade of books which seek to teach the lawyer more about business and the business man more about law continues. Notable among recent ones is *Trade Agreements and the Anti-Trust Laws* (W. H. Anderson, \$7.50) by Harry Aubrey Toulmin, Jr.

As Mr. Toulmin points out, there is a pressing need for such intellectual cross-breeding. "We cannot," he declares, "divorce a legal problem in this [anti-trust] field from the practical way in which business must be done in order to be profitable and successful." On the other hand, "We cannot draft contracts that are repulsive to the national sense of what is fair play."

In these two sentences are the reasons for Mr. Toulmin's selection of content and the form of its presentation. A great many pages are given over to fair and unfair trade practices, their underlying causes, and ways of fostering or combatting them. Thus are the practical ways of business arrayed before the lawyer. As trade agreements and competitive weapons are taken up suc-

cessively, many more pages paint in the background of economic and political history which lies behind the regulation of business and judicial attitudes toward that regulation. From this, the author hopes, a business man may derive a clearer understanding of the limitations of the law, so that he will not expect the impossible from his counsel.

Part Three of *Trade Agreements and the Anti-Trust Laws* is an intensive review of the Robinson-Patman Act. Part Four embraces forms of agreements—typical contracts setting up trade practice rules, patent license agreements, and cross-licensing agreements. The appendix contains the texts of the several anti-trust laws.

Three Boards

UNTIL the Fall of 1932 McCormick & Company was a one-man business established and dominated by Willoughby M. McCormick. Upon the death of its founder, his nephew, Charles P. McCormick, assumed the

presidency of the company and immediately set about transforming it into an organization in which many persons would share management responsibility.

In part the decision to change the organizational structure was attributable to the new president's reluctance to assume, at the age of 36, the increasingly heavy burden which his uncle had shouldered. But in larger part it was attributable to a keen understanding of human nature. *Multiple Management* (Harpers, \$2) is Mr. McCormick's account of the radical changes he introduced.

First among the innovations was a Junior Board of Directors. Composed of junior executives, this group studies problems submitted by department heads and makes other investigations into merchandising and management questions on its own initiative, reporting back to the departments in the first case, to the Senior Board of Directors in the second. This also works in the other direction: the senior group often

CURRENT READING

| BOOK | AUTHOR | SUMMARY |
|---|--|--|
| MONEY POWERS OF EUROPE, by Paul H. Emden. Appleton-Century, 410 pages, \$3.50. | Author of <i>Regency Pageant</i> , <i>Randlords</i> , and <i>Behind the Throne</i> . Born in Germany, he was first engaged in banking in Berlin, later in law. Now living and writing in London. | The story of finance in Europe during the last 120 years, in which the growth of modern banking institutions is traced through the lives of the men who built them—many of them men whose biographies have not been written before. |
| MARKET RESEARCH AND ANALYSIS, by Lyndon O. Brown. Ronald Press, 466 pages, \$4. | Director of Merchandising and Research, Lord & Thomas, and associate professor of marketing, Northwestern University. | Outlining the scope and uses of market analysis, this book was planned to show how to put it to work in business and to serve as a handbook for specialists in the field. |
| THE ROBINSON-PATMAN ACT, by Wright Patman. Ronald Press, 408 pages, \$4.50. | Member of the House of Representatives, from Texas, and a co-author of the Robinson-Patman Act. | A discussion of questions which arise under the Act concerning price schedules, advertising allowances, functional discounts, "proportionally equal" terms, and other subjects. |
| THE CASE FOR DEMOCRACY, by Ordway Tead. Association Press, 120 pages, \$1.25. | Authority on personnel problems; past president of the Society for the Advancement of Management; author of <i>Creative Management</i> , <i>The Art of Leadership</i> , and others. | Inquiring into the rôle of democracy in modern business conduct, the author presents five possible courses for the business man to follow. Only one, he thinks, will help save democracy. Appended is a reading list compiled by Benson Y. Landis. |
| HOW TO SELL THROUGH WHOLESALEERS, by E. B. Weiss and Carroll B. Larrabee. Harpers, 253 pages, \$2.75. | The former, vice-president, Grey Advertising Agency, Inc., previously editorial director of <i>Printers Ink</i> ; the latter, author of <i>Packaging for Profit</i> and others. | The typical jobber "is essentially a warehouse and distributor and his men are walking catalogues." How to increase the promotional assistance of wholesalers and what may be expected from exclusive franchise policies and <i>del credere</i> merchandising. |
| MULTIPLE MANAGEMENT, by Charles P. McCormick. Harpers, 175 pages, \$2. | President, McCormick & Company, manufacturers of cosmetics, "Bee Brand" spices and teas, and other grocery products. | How a large business organization improved its employer-employee relations problem by sharing managerial responsibilities with junior executives. Reviewed in this issue. |
| TRADE AGREEMENTS AND THE ANTI-TRUST LAWS, by H. A. Toulmin, Jr. W. H. Anderson, 560 pages, \$7.50. | Member of the firm of Toulmin & Toulmin, patent attorneys; author of <i>Trade-Mark Profits and Protection</i> , <i>Patent Law for Inventor and Executive</i> , <i>Millions in Mergers</i> . | A book for lawyers and business men, defining the limits beyond which trade agreements may not go; it presents also sample forms for such contracts, an analysis of the Robinson-Patman Act, and the texts of anti-trust laws. Reviewed in this issue. |

submits its problems to the alert younger board for its consideration. The Junior Board elects its own new members. Advantages thus far are improved morale, valuable training for board members, and the direct, tangible results from their remarkably intelligent recommendations.

Second move was the formation of a Factory Board, made up of the most enterprising foremen. This group considers plant grievances and also makes recommendations to the Senior Board. Out of its suggestions have come more complete medical attention, a uniform schedule of holidays, and a forty-hour, five-day week—the last before the advent of NRA. Mutual appreciation in "front office" and factory of each other's problems has been enhanced by an exchange of representatives between the Factory Board and the Junior Board.

The final committee to be established was a Sales Board, consisting of sales and advertising executives and a changing membership of six salesmen.

Each Saturday morning all boards meet together to discuss and integrate their programs. So that they will regard their membership seriously and feel that their duties are important to the company, all board members are paid bonuses.

What has gone before is a mere skeleton outline. Many companies have copied the McCormick plan in whole or in part, with more or less success. The importance of *Multiple Management* is that it is the story of the plan where it has worked, where it has reduced labor turnover, improved employer-employee relationships, and increased sales and profits.

MODERN ART

(Continued from page 22)

nitum. It is simply a matter of observing if one cares to do so. Even today, however, people occasionally say, "Modern art is dead or moribund, its influence is a thing of the past"—which merely suggests that the speaker is shutting his eyes. But the public mind is so often confused and misguided regarding modern art that it becomes difficult to mend matters without some effort on the part of the individual lay-

WE'LL PAY YOU to take this quiz

—(and you don't have to send us the answers)

Taken at random, here are 14 typical questions that might stump any business executive, on any business day. To you, your company, or both—the correct answers can be worth thousands of extra dollars. To be sure, they are only a few of the many problems that take daily inventory of an executive's cash value to himself and his firm. Yet, even so, as a quick test of your all-round business training, you should find it interesting to take this quiz. To make it doubly so, we'll pay you to do this—and you don't have to send us the answers. Simply mail the coupon at the bottom and collect your "reward." There are no strings to this offer.

COLLECTIONS

When collection letters fail, what unusual methods can be used to recover a past-due account?

?

INSURANCE

How can you get greater insurance coverage at lower premium cost?

?

ADVERTISING

What is simple method for increasing returns from your advertising?

?

TRADE-MARKS

To register a trade-mark, what 4 requirements must be observed?

?

DIRECT-MAIL SELLING

What factors decide whether or not you can sell a product successfully by mail?

?

CREDITS

Why should checks be deposited, not returned, when received unsigned, undated—or the amount in writing disagrees with the amount in figures?

?

FINANCIAL STATEMENTS

Where should you look on a balance sheet to find credit strength or weakness?

?

SALES LETTERS

What are the 7 "success ingredients" in letters that get the business?

?

CORPORATIONS

What must a corporation do to qualify its transactions in other states?

?

PARLIAMENTARY PROCEDURE

How can the Chairman automatically adjourn a meeting in case of disorder?

?

BANKRUPTCY

As a creditor, what are your rights and privileges under the new Bankruptcy Law?

?

COPYRIGHTS

Under what conditions can you copyright a label? For how long is protection granted?

?

BUDGETARY CONTROL

How can you use budgets to save money, time, and improve general efficiency?

?

PARTNERSHIPS

What 11 points should a partnership agreement contain?

?

THIS BOOK HAS ALL THE ANSWERS

Specific, to the point, a gold mine of information. The Business Executive's Handbook answers almost every conceivable question that might come up in the course of business. It gives you the facts, the short-cuts, methods and tested ideas that save a business money, increase its profits, cut the knots from vexing problems, snap up your own and your company's efficiency. Among hundreds of other subjects, its 1281 terse, authoritative pages tell how to check up your business methods—write letters that get YES for an answer—collect through certain special methods where collection letters fail—get better results from inquiries—test your advertising's pulling power—reduce your insurance, materials, printing and other costs, etc. You will find here what you must and should know of business law, financial statements, corporate law, control through budgets, parliamentary procedure, advertising, sales, credits, etc.

As no cost or obligation to you, we'd like you to examine the big Handbook for 5 days—FREE.

► OVER 15,000 COPIES IN USE ◀

P R E N T I C E - H A L L , I N C .

Book Division 167

New York

FREE!

"BUSINESS LETTERS AND HOW TO WRITE THEM"

This is the book we want to send you with our compliments. It's yours to keep—whether or not you choose to retain the **BUSINESS EXECUTIVE'S HANDBOOK** which we'd like you to examine in connection with this free book offer. "BUSINESS LETTERS AND HOW TO WRITE THEM" concretely shows you how to write more effective letters when replying to inquiries . . . granting and refusing requests . . . answering complaint letters . . . granting and refusing adjustments . . . making sales direct by mail. It includes such vital, little known, facts as the legal aspects of business letters—how a letter may constitute a contract—how a letter may extend or revise an outlawed debt.

Get this useful book—FREE, simply by mailing this coupon.

P R E N T I C E - H A L L , I N C .
Book Division 167, 70 Fifth Ave.,
New York, N. Y.
Please send me an ON-APPROVAL copy of the **Business Executive's Handbook** and the **FREE** book on **BUSINESS LETTER WRITING**. After 5 days I will either send you my check for \$7.62 or return the Handbook to you. Whether I keep the Handbook or not, the **LETTER WRITING BOOK** is to be mine without any charge.

Name

Address

man, assuming that he is sincerely interested.

It would undoubtedly help to read some good books on the subject—perhaps, Sheldon Cheney's "Primer of Modern Art" and "Impressionism," "Apples and Madonnas" by Bulitt, "Since Cezanne" by Roger Fry, or "Art and Scholasticism" by Jacques Maritain. Not all paintings that are mystifying, strange, and baffling to the beholder come necessarily under the heading of modern art. Some indeed may be "mystifying, strange, and baffling," from any standpoint because of incompetent efforts, and nothing more.

The conviction of the layman, however, is often founded on the erroneous notion that modern art is merely the device of charlatans to sidestep the arduous problems of technical discipline. But if anyone who questions the matter will take the trouble to investigate he must soon realize the fact that

the really good modern artists are anything but incompetent as craftsmen or technicians. Therefore, it is always well to remember that there can be, and are, bad examples of modern art just as there are of academic art. Anyone in looking at a new picture or hearing a new composition in music should make some effort to be receptive, mentally and emotionally, rather than to condemn immediately out of prejudice.

"Why Bother?"

Consciously or unconsciously people will say to themselves, "I can certainly get along in this life without art—with out art of any kind, good, bad, academic, modern, or anything else. Why bother about it one way or another—this tempest in a teapot?" which is to argue that a child having learned to read should continue life-long to read nursery rhymes ignoring the vast treasures of beauty and truth to be found

in all the wide realm of literature.

Yes, one can live without art—but not so fully. And no well-rounded philosophy of living will underestimate the attribute of a fine mind and the spiritual culture which includes all the arts. Remove from the world all the best songs, symphonies, operas, buildings, furniture, paintings, and sculptures, and what is left? Little more than a barren waste. These things produced by artists for hundreds of years are the cultural heritage of civilization (in its best sense) and continue to be produced by the artists of today. "I prefer this apple to that one, I prefer this chair to that one, this wall paper to that wall paper, this picture to that picture." These are successive stages in æsthetic exercise, and in the end the effect of art is to sensitize and enrich all life, opening finally the eyes of the spirit and crowning with nobility the works of man.

OVER THE EDITOR'S DESK

CONTRIBUTORS . . . COMING NEXT MONTH

IT WAS in 1927 that Maxwell Simpson (pages 18-22) turned from the formalism of his extensive academic training received in art schools here and abroad and adopted a modern technique of expression. Thereafter his work has been characterized by what the *New York Times* has described as a "genuinely and spontaneously mystical" quality.

A versatile artist, Mr. Simpson is known for his lithographs and etchings and for his work with both oils and water colors. Critics and collectors have had ample opportunity to admire his work, for he has been an exhibitor at galleries in many cities, among them the Pennsylvania Academy of Fine Arts, the Paris Salon, the Chicago Society of Etchers, the Whitney Museum, and the Museums of Baltimore, Rochester, Newark, Boston, and Los Angeles.

Last year a book illustrated with crisp, imaginative decorations by Mr. Simpson was adjudged one of the fifty



MAXWELL SIMPSON

best of 1936 by the American Institute of Graphic Arts.

FROM 1917 to 1926 Dr. L. D. H. Weld (pages 23-26) was consulting economist for Swift & Company, and since then has been McCann-Erickson's Director of Research. He has taught economics and marketing at the Universities of Washington, Minnesota, Pennsylvania,

and Yale. Each month he is the contributor of the regional trade barometer statistics (pages 30-35).

This seems a fitting time to mention two pamphlets about the barometer which are available to readers of DUN'S REVIEW. One contains monthly index figures for the United States and the twenty-nine regions extended back through January, 1928. The other, a reprint of an article which appeared in the September, 1936, number of this magazine describes the construction of the indexes and suggests ways in which they may be used. For readers who wish to determine the exact boundaries of any of the regions, the editor will gladly answer questions about the counties included in each area.

ROBERT L. TEBEAU is a member of the Research and Statistical Division, DUN & BRADSTREET, INC. His article (pages 7-12) is the last of a series of studies supplementary to "An Appraisal of the Undistributed Profits

Tax," by Willard L. Thorp and Edwin B. George. George T. Bristol (pages 13-17) is a member of the editorial staff.

IN FUTURE issues DUN'S REVIEW will report the final results of the Business Trend Survey now being completed by DUN & BRADSTREET'S Research and Statistical Division. Of the Survey questionnaire sent to virtually every industrial and commercial enterprise in the United States, some 40,000 have been returned. The project is probably the most extensive inquiry into business conditions ever undertaken except as a national census.

As in the preliminary report in the March issue, sales, inventories, and receivables for 1935, 1936, and 1937 will be broken down by lines of business and, in addition, by size according to sales volume. Also to be reported are the three-year trends in sales terms—cash, open-account, or installment—and in expenditures for improvements.

SPEAKING of business trend surveys, as we are, we note one more which has just come over our Desk. It appears in our contemporary, *Dun's Gazette*, published in Melbourne, Australia, and seems to imply that things are not upside down, down under. The report begins: "The flourishing conditions that have obtained in Australia are reflected in the banking returns of the Commonwealth. . . ."

DUN'S REVIEW

Willard L. Thorp, *Editor*; Norman C. Firth, *Managing Editor and Business Manager*; Raymond Brennan, Edwin B. George, Walter Mitchell, Jr., A. M. Sullivan, *Associate Editors*; J. A. D'Andrea, *Statistician*; Clarence Switzer, *Art Director*; H. C. Daych, *Advertising Manager*.

SUBSCRIPTION: \$4 a year; \$10 for three years; 35 cents a copy. Outside the U. S. \$5 a year.

DUN'S REVIEW goes to each company using the services of DUN & BRADSTREET, INC. Service subscribers may obtain additional subscriptions to the magazine for executives, branches, and so on, at special rates. . . . Published monthly. April, 1938, Vol. 46, No. 2120. Copyright 1938, DUN & BRADSTREET, INC. Printed in U. S. A.

More detailed breakdowns of those statistical data originally compiled by the publishers—business failures, bank clearings, building permits, and price indexes which are summarized and interpreted each month in DUN'S REVIEW (see pages 36-39)—are published monthly in DUN'S STATISTICAL REVIEW, tables only, no text, \$1 a year; \$2 outside the United States.

290 BROADWAY

NEW YORK, N. Y.



Copyright 1938, American Credit Indemnity Co. of N.Y.

When a Good Customer Defaults

When a good customer gets into financial difficulties and fails to pay for goods shipped, you suffer more than an immediate monetary loss: Your credit manager tightens up, discourages the sales division, refuses to O. K. apparently desirable orders, closes the door to potential profits.

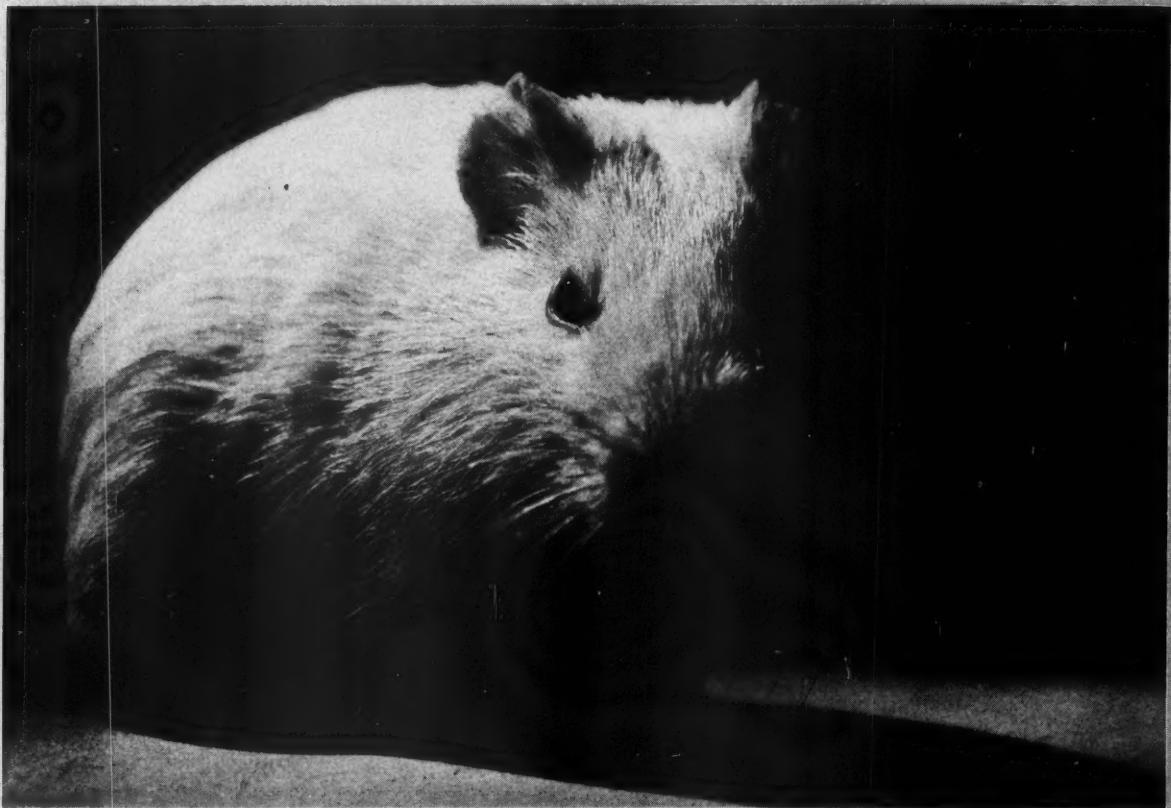
Prudent executives prevent this situation from arising; they insure their sales and thus definitely limit credit losses to a sum that they can safely stand.

American Credit Insurance

reimburses Manufacturers and Jobbers for losses caused by insolvencies or reorganizations, and liquidates delinquent accounts promptly. Capital is not in jeopardy, neither is it out financing your debtors' business.

All accounts may be insured, or special groups, individual debtors, non-rated debtors, on terms surprisingly liberal. Ask any American Credit representative for information.

AMERICAN CREDIT INDEMNITY CO.
of New York J. F. McFadden, President
Chamber of Commerce Building St. Louis, Mo.
Offices in all principal cities of United States and Canada



GUINEA PIGS

*D*O you use many guinea pigs? Those little animals stand for experiment, for the process of learning by trial and error.

Business spends millions for laboratories, testing and experimenting with old and new products. But the same effort to substitute experience for estimate is too often limited to the chemical and physical problems of production.

A candy-bar manufacturer tried various types of wrappings on his product, giving them identical exposure over a period of weeks on identical counters. He not only determined beyond doubt the covering which appealed most to customers, but learned to his astonishment that the difference was sufficient to change his whole profit-loss picture. A distributor of inexpensive jewelry discovered by running tests

that advertisements which showed shining rays radiating from the jewels pulled much better than sparkless pictures. We were seeking information by letter, and found by experiment that the addition of a single sentence more than trebled the return. And even the newsboy with an experimental frame of mind discovers that "Which one, sir?" does more business than "Buy a paper?"

The area where theorizing is required in business planning is large enough, without including any of the problems where actual experience can be obtained by experiment. The progressive business executive, faced with a new suggestion, is less apt to say, "I know that won't work," than "Try it on a small scale." It is wiser to rely on guinea pigs than guesswork.

Willard L. Thorp
E D I T O R

